



Macquarie Point
Development Corporation

ANNUAL REPORT 2015–2016



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ABOUT MACQUARIE POINT



Above:
photograph
by Richard
Bennett

Below left:
1967 view of
the gas works
taken from the
railyards (TAHO,
PH30/1/1339)

Below right:
Macquarie
Point offices,
photograph
by Jasmin
Latona

The development of Macquarie Point presents a unique opportunity to create a new and dynamic mixed-use precinct for the people of Tasmania. Undoubtedly, it has the capacity to significantly shape Hobart's future landscape.

The 9.3-hectare site adjoins the Hobart port and waterfront and sits adjacent to the Regatta Grounds, the Cenotaph and the Queens Domain. The location of the site is perhaps its most commanding appeal. Hobart's waterfront is home to an array of unique festivals such as Dark Mofo, the Australian Wooden Boat Festival and the Taste of Tasmania. On the other side of Sullivans Cove is Salamanca Place, with its sandstone warehouse buildings, symbolic of the city's early days as a maritime economy.

Today, the area is the home of the renowned Salamanca Market, along with a diversity of shops, galleries, art studios, offices, restaurants and cafés. Next door to Macquarie Point is Hobart's international cruise ship terminal, which last season hosted around 40 cruise ship visits, with 50 planned for the coming season. To the east is the River Derwent, while to the west, the CBD is overlooked by kunanyi/Mount Wellington.

Development at Macquarie Point will have to complement and contribute to its surrounds and must take into account its location alongside the working port.

PREVIOUS SITE USES

The Hobart area was home to the indigenous Muwinina band of the South East Tribe and evidence of their activity has been found in the site's surrounding areas. Macquarie Point has a rich history of use associated with early European settlement, including defence, sanitation, industry (including the Hobart gasworks) and transport. Until recent years, the site was largely used for rail and freight handling. These activities were relocated in 2014, allowing site responsibility to be progressively handed to the corporation – although a transit corridor will be retained as a potential future link to Hobart's northern suburbs.

Given the site's industrial past, targeted remediation is required and will, in part, be determined by future site usage.



ABOUT THE MACQUARIE POINT DEVELOPMENT CORPORATION

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 Public Non-financial Corporation – 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 site.

Since its establishment, the corporation's focus has been on planning and preparatory works associated with a range of remediation and development issues.

In 2015-2016 the corporation entered into the competitive bid phase of the site's development, with expressions of interest being sought from developers in December 2015. EOIs were then shortlisted in May 2016, with the aim of subsequently requiring more detailed design and financial information from shortlisted parties as part of the request for proposals stage.

The anticipated timeframe to bring Macquarie Point to life is 10 years or more, and will be largely dependent upon timing of the decommissioning and relocation of the adjacent wastewater treatment plant.

ABOUT OUR ANNUAL REPORT

The 2015-2016 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 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 2016.

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

October 2016

CHAIR'S FOREWORD



It is with pleasure and some disappointment that I present the Macquarie Point Development Corporation's Annual Report for 2015-2016.

At almost 10 hectares in scale, the Macquarie Point site presents one of the last major urban renewal opportunities in the state. Since launching the site masterplan in mid-2015, the corporation has continued to work both behind the scenes and more publicly in efforts to remediate and redevelop the site, including completing an expressions of interest (EOI) process in the second quarter of 2016.

The EOI process delivered a strong signal in terms of the level of interest from the commercial sector, with high-quality submissions being received from a range of developers. The types of proposed uses varied from commercial, residential and hospitality to science and research, and — subject to the outcomes of the Tasmanian Planning Commission's (TPC) deliberations — will hopefully

WITHOUT A PLANNING DECISION FOR MACQUARIE POINT, THE CORPORATION HAS BEEN FORCED TO EXTEND THE COMPETITIVE BID PROCESS, WHICH HAS BEEN FRUSTRATING FOR THE CORPORATION AND DEVELOPERS ALIKE. THIS HAS LARGELY BEEN RELATED TO THE ISSUE OF THE WASTEWATER TREATMENT PLANT (WWTP), A MATTER THE CORPORATION IS COMMITTED TO RESOLVING IN COOPERATION WITH BOTH TASWATER AND THE TASMANIAN GOVERNMENT.

now progress to the initial request for proposals (RFP) stage. This stage will see shortlisted proponents being required to provide far more detail on their proposed developments.

Disappointingly, the expected decision on the Macquarie Point Site Development Plan by the TPC, which was anticipated by April 2016, was not delivered, with the TPC seeking and being granted two extensions for its deliberations. This resulted in the corporation having to extend its timing on the competitive bid process.

An important consideration for the TPC has been the issue of the decommissioning of the WWTP, on which the corporation is committed to continuing to work with TasWater and the Tasmanian Government to secure a funding model to achieve this.

On a positive note, the last 12 months saw the emergence of two new strategic relationships. Firstly, the corporation and the Eden Trust agreed to jointly explore the creation of an Antarctic experience at Macquarie Point, with a feasibility study / business case being actively progressed to allow both the corporation and the Eden Trust to determine the vision and suitability of such an exclusive experience.

Secondly, the corporation contracted Mona to develop a unique set of ideas for the artistic curation of the public spaces at Macquarie Point. Opportunities like an Eden Hobart experience and Mona's input into the site's public spaces have the very real potential to deliver game-changing outcomes for Macquarie Point.

Heather Rose's term as a director concluded during the year. I acknowledge her significant contribution as one of the corporation's inaugural directors. Heather played a key role in the community consultation process and the formulation of the masterplan. I wish her all the best in her future endeavours.

I would also like to welcome new directors, Greg Woolley and Penny Morris, AM. Greg and Penny bring a wealth of commercial industry experience to the board and their depth of knowledge will be welcomed as the corporation enters the next phase of redevelopment.

I take this opportunity to also thank my fellow directors and the entire corporation team.

A handwritten signature in blue ink, appearing to read 'Mark Ryan', with a stylized flourish at the end.

Mark Ryan
Chair

CEO'S REPORT



With the launch of the Macquarie Point masterplan in June 2015, the corporation entered into its next phase of operation, involving a 'soft market warming' period, followed by a competitive bid process. To ensure the best possible outcome for Macquarie Point, many opportunities for developers, investors and potential catalyst projects were explored, and numerous briefings with local and interstate parties were held. As part of the process I travelled to Singapore and the UK, meeting with potential developers; building upon existing relationships and connecting with new contacts identified by the corporation's directors and principal property advisers.

Following the soft market warming period, the corporation publicly sought and received a range of EOIs, with a number of high-quality submissions now shortlisted for the RFP stage; the achievement of yet another milestone for the project.

The corporation continued to work closely with key stakeholders and our strategic partner, the Hobart City Council (council), forming a working group to further strengthen communication channels. Likewise, we continued to positively

engage with Tasports and other neighbours in the vicinity. However, attempting to resolve the timing of the decommissioning of the Macquarie Point WWTP with TasWater has proven to be frustrating. It is critical to give investors certainty, and without knowing the timing of the decommissioning, we cannot provide that certainty.

In June 2016, I was delighted to have the opportunity to introduce Sir Tim Smit, co-founder and director of the Eden Trust, to the people of Hobart. The corporation has been working with the Eden Trust on a potential catalyst project for Macquarie Point – Eden Hobart. With an Antarctic theme and strong Tasmanian character, Eden Hobart is an opportunity for Macquarie Point and the state more broadly. We are now assessing the feasibility of the project, and will continue to progress this with the Eden Trust, whose overall ambition is to draw world-class science and arts practitioners and institutions to Macquarie Point, creating a powerhouse of scientific and cultural exhibition that will draw on Hobart's strengths, and promote the cause of science, education and research globally and locally, at a scale and with an authority never before realised.

This vision sees individuals not only rediscovering awe at the natural world, but – through the insights and knowledge of science – gaining a better understanding of climate change and their own impact on the world in which they live.

It was great to see so many people engaging with the site, commonly known as Dark Park, during Dark Mofo. Another highlight was the establishment of Red Square, which – with the broad range of food truck offerings and the adjacent Hobart Brewing Company – is fast becoming another Hobart "hot spot".

The corporation has been approached by many interested parties proposing to use the site for a range of activities, which will ensure continued community engagement.

Another corporation milestone was our creation of a Site Development Plan (SDP), which will allow redevelopment of the site in accordance with the masterplan. The SDP was approved by the council in December 2015 and is awaiting decision by the Tasmanian Planning Commission.

Reflecting the nature of the organisation's objectives and operations, which is to move Macquarie Point to be 'investment ready', the corporation recorded a loss of \$2.83 million in 2016, and reduced its cash holdings by \$5.87 million. Losses will continue to be recorded and cash reserves drawn down to meet agreed remediation and redevelopment outcomes until land sales provide necessary revenue. This will then be used to contribute to needed infrastructure and public realm works.

I acknowledge my fellow directors – Kerry Adby, Hadley Sides, Penny Morris, Greg Woolley and the chair, Mark Ryan – for their ongoing support and their strong commitment to the corporation and its objectives. I also thank outgoing director, Heather Rose, for her diligence and dedication during her term.

My personal thanks go to the management team and all other staff for their loyalty, dedication and hard work over the past 12 months. While much of their activity goes on behind the scenes, it is their considerable efforts that support all board decisions and the corporation's overall achievements.

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 BOARD HAS BEEN SUPPORTED BY TWO COMMITTEES.

Chair – Mark Ryan

B Com, ACA, MAICD, FAIM

Mark has been chair of the corporation since August 2014. He is the Managing Director and Chief Executive Officer of Tassal Group Ltd, having held that position since November 2003. He is the 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. Before then she was a Deputy Secretary within the former Department of Economic Development, Tourism and the Arts, and was the senior government official responsible for the strategic planning and development of Hobart's waterfront property and infrastructure. During that time Liz was also the lead government negotiator for a range of Crown property transactions between the Tasmanian Government and the University of Tasmania. She is currently a Councillor with the Australian Property Council – Tasmanian Division.



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, HADLEY SIDES, PENNY MORRIS AND GREG WOOLLEY.

Kerry Adby

LLM, FAICD, TFASFA

Kerry has almost 30 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.

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.



OUR BOARD CONTINUED

Penny Morris AM

BArch (Hons), MEnv Sci, Dip CD, FRAIA FAICD

Penny was appointed in May 2016. She is the former Director of Commonwealth Property in the Department of Administrative Services, and spent six years working with Lend Lease; firstly as CEO and a director of Lend Lease Commercial, and then as Group Executive, Lend Lease Property Services. She has been a company director on many private sector and government business enterprise boards, including Mirvac, Landcom, Sydney Harbour Foreshore Authority, Indigenous Land Corporation, Colonial State Bank, Australia Post and Energy Australia. In 2002 Penny was awarded a Member of the Order of Australia for service to the property and construction industries.

Greg Woolley

BCom, LLB (Hons)

Greg was appointed in May 2016. He is the Executive Chairman of Woolley Holdings Pty Ltd, a Sydney-based private finance and investment company. Greg began his career practising Corporate Advisory and Mergers and Acquisitions with Macquarie Bank in Melbourne. From 2000 until 2011, he was the Chief Executive Officer of the LJCB Investment Group, one of Australia's largest private companies, and the Founding Chairman of Global Aviation Asset Management. He has extensive private and public company and not-for profit-directorial experience. Greg is currently the Chairman of the Beacon Foundation and a director of Kemp and Denning, as well as number of private companies.



THE INVESTMENT COMMITTEE HELD SPECIFIC RESPONSIBILITY FOR RECEIVING, REVIEWING AND MONITORING REPORTS FROM MANAGEMENT ON THE PERFORMANCE OF THE CORPORATION'S INVESTMENTS. MEMBERSHIP COMPRISED MARK RYAN (COMMITTEE CHAIR), KERRY ADBY AND HEATHER ROSE.

Heather Rose

GAICD

(Until 23 May 2016)

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.





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 ⁺ [#]	9	9	4	4	3	2
E Jack	9	9	–	–	–	–
K Adby ⁺ [#]	9	9	4	4	3	3
H Rose ⁺ [#]	8	6	4	3	3	3
H Sides ⁺	9	9	4	4	–	–
P Morris ⁺	2	2	1	1	–	–
G Woolley ⁺	2	2	1	1	–	–

⁺ Audit, Risk and Compliance 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.

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
2015-2016

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IN 2015-16 THE CORPORATION PROGRESSED FROM ITS OVERARCHING REMEDIATION STRATEGY TO ESTABLISH THE REMEDIATION MANAGEMENT PLAN (RMP) FOR MACQUARIE POINT.

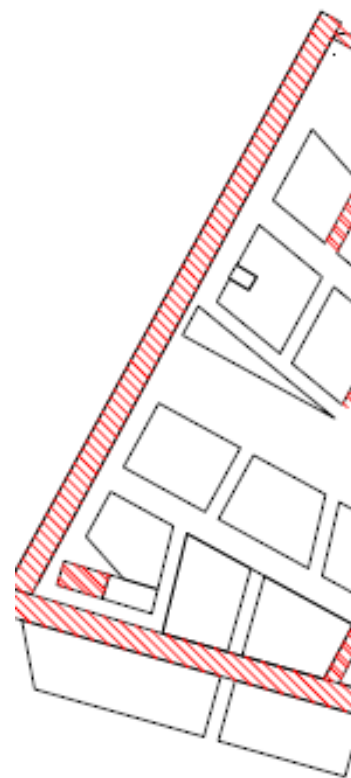
This required us gaining a more detailed understanding of the contamination and geotechnical characteristics of the site. The RMP provides an important precinct-by-precinct guide on the nature and extent of contamination, together with guidance on the most suitable means for remediating the respective parcels of land.

The RMP also delivers a framework for the ongoing management of remediation works to ensure a coordinated and consistent approach, regardless of whether the works are undertaken by the corporation or future developers. Such an approach will be an important aspect of managing any potential environmental impacts associated with remediation.

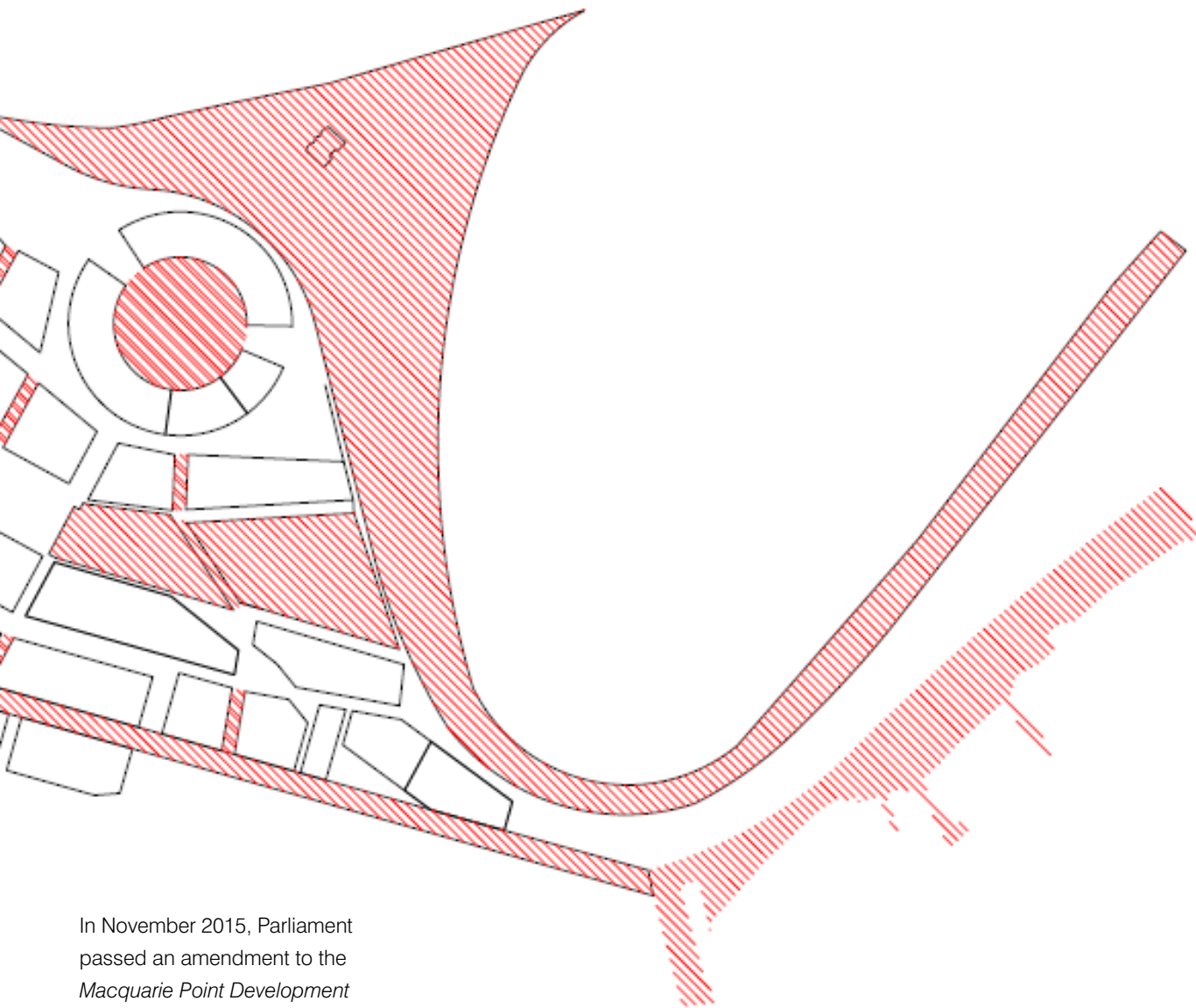
Pilot trials were held during the year to verify the capabilities of the proposed remediation technologies and, in particular, to test the viability of employing a 'Total Fluids Extraction' (TFE) method¹ for the old round house refuelling area and the historic bulk fuel storage area.

With the success of the pilot trials, the corporation commenced full-scale remediation works in these two areas. Future remediation works in public areas will be undertaken when the corporation has more certainty in relation to the future of the Macquarie Point wastewater treatment plant.

Planning for the remediation of the old gas works area continues. Given contamination complexity, remediation of this area will require significant engineering and design before the corporation is in a position to proceed.



1. TFE involves the pumping-out of groundwater in order to then extract liquid contaminants, including oil and diesel.



In November 2015, Parliament passed an amendment to the *Macquarie Point Development Corporation Act 2012*. The amendment ensures redevelopment can only occur once remediation has been certified by an accredited auditor recognised by the Tasmanian EPA – something Tasmania has not had in the past. This system will provide confidence to developers and their financiers that the required level of remediation has been undertaken across various lots at Macquarie Point.

In June 2016 the corporation submitted its final milestone report to the Australian Government, finalising its obligations for the Australian Government funding it received in 2012.



MACQUARIE POINT REDEVELOPMENT



Above left &
Below right:
Hobart 2014
Tasmanian Ports
Corporation Pty Ltd

Competitive bid process

Completion of the *Strategic Framework and Masterplan for Macquarie Point 2015-2030* in June 2015 provided a platform for the corporation to enter the next phase of the project – the competitive bid process.

This commenced with a call for expressions of interest (EOI) from potential developers and investors in December 2015, which attracted interest from many parties across a range of uses for the site, including retail, hotel, childcare, commercial, residential, science, research, tourism and hospitality.

In recognition of the importance of the Antarctic and Southern Ocean to Hobart's identity and economic activity, the corporation identified one particular location – adjacent to the working port – for Antarctic and Southern Ocean-related EOIs only.

EOIs were assessed by an expert, independent evaluation panel and were shortlisted based on a number of assessment criteria relating to development concepts, development credentials, experience and financial capacity to deliver the proposed development. Successful participants in the Antarctic EOI process will now participate in a more intensive request for proposal (RFP) stage, which will require proponents to provide more detailed financial information regarding the viability of their projects, greater design detail and further evidence that their proposals align with the Macquarie Point masterplan.

RFPs for other uses on the site will be reconsidered once further clarity on the future of the WWTP location is known.

Site Development Plan

An amendment to the Sullivan's Cove Planning Scheme 1997, in the form of a Site Development Plan (SDP), is required to redevelop Macquarie Point in accordance with the masterplan. The SDP was approved by the Hobart City Council in December 2015 and was then submitted to the Tasmanian Planning Commission (TPC) for assessment. Hearings regarding the scheme amendment were held in March, April and July 2016, following which the TPC sought and was granted an extension in order to deliberate further on the matter. At the time of writing the corporation was anticipating the TPC would deliver a decision on the SDP by the end of 2016.

Transfer of cold store site

In September 2015 the corporation reached a commercial agreement with Tasports to transfer the 0.64 hectare decommissioned cold store site, on the corner of Davey and Evans Streets, to the corporation.

Since the corporation's inception, the disused cold store site has been identified as a critical component of the Macquarie Point development, as it provides a natural entry point to the site, with the capacity to entice and welcome locals and visitors alike. Under the corporation's masterplan, the cold store footprint is designated for site access, and a potential combination of retail/commercial, residential and recreation/open space uses.

This transfer consolidates the now 9.3 hectare Macquarie Point site into a single precinct.

Infrastructure

In December 2015 the corporation called for public tenders from commercial infrastructure providers to enter into a partnership-style arrangement to develop integrated infrastructure and services to support the redevelopment of the site.

Brookfield Energy Australia (BEA) was selected as the preferred partner, and the corporation and BEA are currently undertaking a feasibility assessment to determine the nature and scale of the proposed infrastructure and services. The parties are also exploring a range of potential, innovative approaches to the provision of power and energy services to support the redevelopment of the site.

Wastewater treatment plant

In June 2015 the corporation, the Tasmanian Government and TasWater entered into a memorandum of understanding, with all three parties committed to the decommissioning and relocation of the Macquarie Point wastewater treatment plant (WWTP) by 30 June 2019. To assist in meeting this tight deadline, the corporation committed to provide up to \$5 million to TasWater to undertake the engineering, design and feasibility work required to build a new facility at Selfs Point, north of Hobart.

Disappointingly, at the time of writing, a funding solution had not been reached; however, the corporation is committed to continuing to work with TasWater and the government to secure an achievable funding model for the WWTP's decommissioning and relocation.



COMMUNITY ENGAGEMENT AND INTERIM SITE USES



Red Square,
photograph
by Village Well

THE CORPORATION WAS PLEASED TO AGAIN HOST *DARK PARK*, WITH SEVERAL AMAZING AND INNOVATIVE ARTISTIC INSTALLATIONS DURING THE 2016 DARK MOFO WINTER FESTIVAL. APPROXIMATELY 70 000 PEOPLE INTERACTED WITH MACQUARIE POINT DURING THE FESTIVAL, WITH A NUMBER OF INSTALLATIONS REMAINING BEYOND DARK MOFO TO CATER FOR ONGOING INTEREST.

While more structured community engagement occurred in past years when the corporation developed the shared vision (2014) and the masterplan (2015), we were pleased to hear from the community this year with feedback and ideas provided through the corporation's website and expressed in social media. The corporation will continue to engage with the general public as the project progresses.

The corporation is committed to providing opportunities for all interested parties to engage with the Macquarie Point site through a variety of interim uses. Given the long-term nature of anticipated site development, its activation is an important part of the overall strategy to stimulate and maintain community interest in and support for the redevelopment of Macquarie Point.

In October 2015, the corporation leased the Red Shed to the Hobart Brewing Company and in February 2016 the adjacent Red Square was opened to the public. Red Square was developed as a community space for all ages to enjoy and has certainly lived up to this expectation, fast becoming another Hobart institution. The popularity of the site has undoubtedly been fuelled by the broad variety of food trucks that regularly frequents Red Square, the Hobart Twilight Markets and the regular live music that features at the Red Shed.

Other events held on-site over the year included the use of the Goods Shed for pop-up theatre run by the Tasmanian Theatre Company and Loudmouth Theatre Company, the finish of the Cancer Council's Box Car Rally, the Peanut Butter Jam Festival, pop-up church events and several smaller-scale activities. A number of interested parties have approached the corporation, proposing to use the site for various future events that will provide opportunities for the community to remain engaged with the site.

While the prime focus of interim uses involves community re-engagement with Macquarie Point, several interim uses contributed revenue to the corporation, helping to offset operational expenses. An example of this was the establishment of a new car park offering more than 200 individual, sealed and marked parking bays.

The car park is managed by Care Park and will remain in operation until that particular part of the site is required for future development.

The redevelopment of the Royal Hobart Hospital (RHH) was also supported during the year, with Modscape storing modules at Macquarie Point prior to their relocation at the RHH for use as temporary wards. A lease was also arranged with METRO Tasmania for use of part of the site as a bus layover area.

The corporation's charity of choice in 2015-2016 was the Australian Red Cross, with several staff making blood and plasma donations throughout the year.

The corporation also supported the RSL, providing a staff donation for their ANZAC Day appeal. We were pleased to take part in the Centenary of ANZAC – Lone Pine Project too, with the team clubbing together to buy a lone pine seedling in April from the Veterans' & Families Garden Plot at the Royal Tasmanian Botanical Gardens. The seedling will be planted at Macquarie Point when the site is further redeveloped.



Above:
Hobart
Twilight Market
photograph by
Roger T Wong

Below:
Dark Park,
photograph
by Peter Topliss



WORKING WITH OUR KEY STAKEHOLDERS AND STRATEGIC PARTNERS



Above:
Our Time,
Dark Park,
photograph
by Peter Topliss

Right:
photograph
by Richard
Bennett

This year, the corporation continued to ensure our key stakeholders remained up-to-date on project progress by providing briefings on key milestones including, for example, the finalisation of the masterplan and completion of the proposed Site Development Plan for Macquarie Point. We also maintained contact with our immediate neighbours, including Tasports, businesses and nearby residents,

informing them of upcoming works, such as drilling to establish sampling bores in Evans Street.

The corporation continued in its efforts to work with TasWater and the Tasmanian Government on issues surrounding the decommissioning of the Macquarie Point wastewater treatment plant, as without this, the corporation's competitive bid process is likely to be compromised.

The Hobart City Council joined with us to establish a working group to investigate opportunities to work together across all areas of common strategic interest, including the Antarctic gateway, the public realm, events and community amenity more broadly.

WE CONTRACTED MONA TO PROVIDE US WITH IDEAS FOR THE ARTISTIC ACTIVATION OF THE PUBLIC SPACES AT MACQUARIE POINT, HARNESSING MONA'S ARTISTIC AND CREATIVE CURATORIAL SKILLS TO DEVELOP INTERESTING AND INNOVATIVE SPACES THAT WILL ENGAGE YOUNG AND OLD ALIKE. THIS WORK IS ONGOING.

DISCUSSIONS WITH THE EDEN TRUST AND THE POTENTIAL FOR AN 'EDEN HOBART' DEVELOPMENT AT MACQUARIE POINT COMMENCED IN 2015. THE EDEN PROJECT IN CORNWALL IS ONE OF THE UNITED KINGDOM'S MOST PROMINENT VISITOR ATTRACTIONS.



Opening in Cornwall in March 2001, in its first 13 years of operation the environmentally-focused tourism experience attracted more than 16 million visitors, and, in its first 11 years, generated more than £1.5 billion for the Cornish economy.

Partnering with the Eden Trust and drawing on its international brand, management and operational expertise, has the potential to facilitate iconic outcomes for the people of Hobart and Tasmania. With a focus on the Antarctic, and with a Tasmanian character, Eden Hobart would benefit from and complement Hobart's maritime links to the

Southern Ocean and the Antarctic, our breadth of science, research and innovation activity, and Hobart's growing reputation as an attractive and successful tourist destination.

The project, which is one of a number of potential catalyst projects being pursued by the corporation, is complementary to the corporation's competitive bid process, and has the capacity to attract other development on the site. It would also enhance the Macquarie Point profile in the development sector, attracting additional investment and

facilitating other commercial uses. Eden Hobart would also contribute to tourism competitiveness and to the vibrancy and distinctiveness of Hobart's public spaces.

In June 2016 the corporation hosted a visit from Eden co-founder, Sir Tim Smit. In addition to holding further discussions with the corporation's management and board, Sir Tim briefed several members of the government and the corporation's key stakeholders on his vision for Eden Hobart.





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:

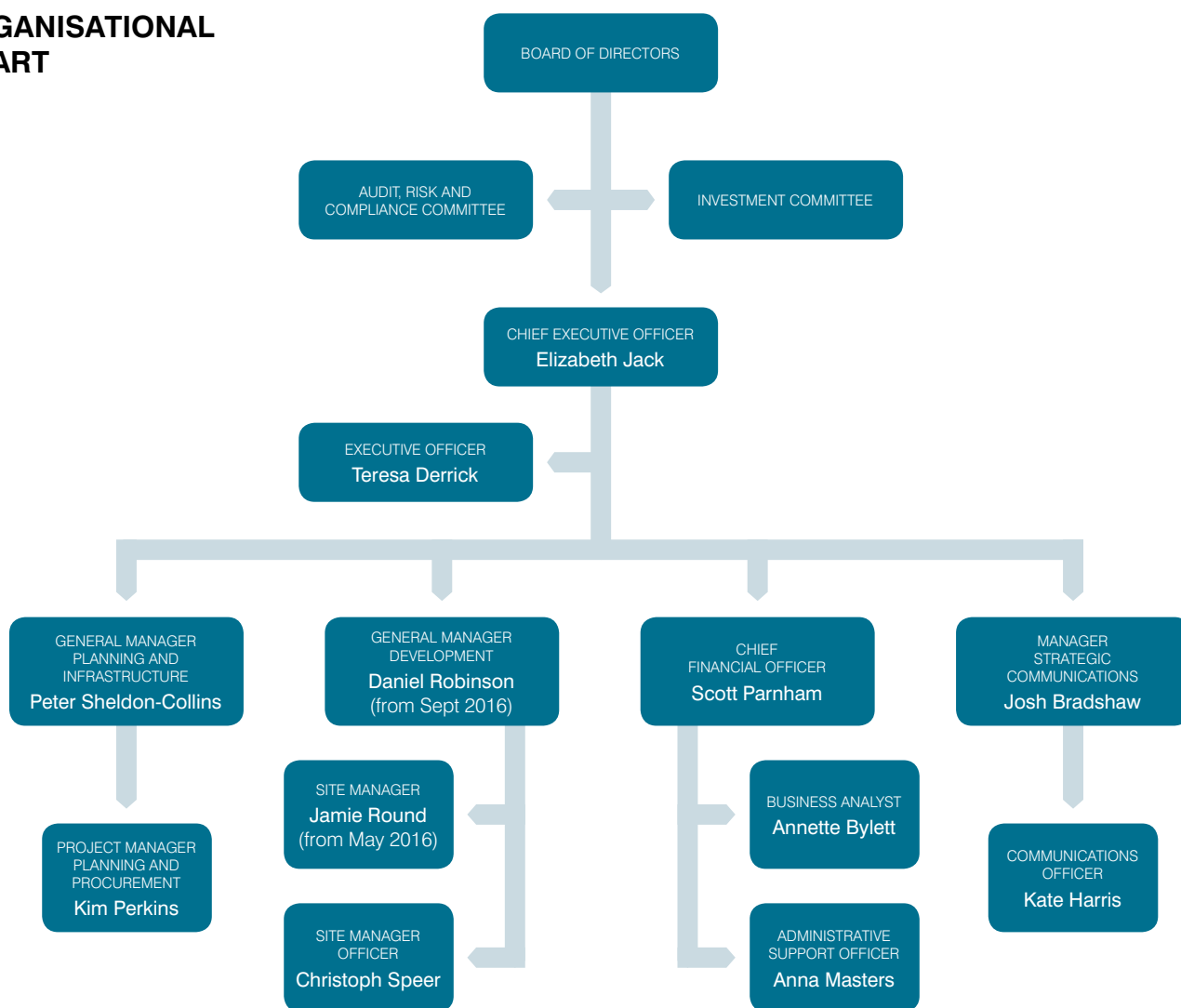


Elizabeth Jack
BA ModLang (Hons)
Chief Executive Officer



Scott Parnham
B Com, FCPA
Chief Financial Officer

ORGANISATIONAL CHART



Peter Sheldon-Collins
BAppSc
General Manager
Planning and
Infrastructure



Josh Bradshaw
BA Hons GradDip Env Sci
Manager
Strategic
Communications

INTERNAL AUDIT AND RISK MANAGEMENT

The corporation's program of risk management is overseen by the audit, risk and compliance committee (see below). The Strategic Internal Audit Plan for 2015-16 to 2017-18 will be reviewed in the context of a changing risk environment next financial year.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The audit, risk and compliance committee assists the board in exercising due care, diligence and skill in performing its functions and responsibilities. The committee also provides guidance and makes recommendations to the board on the corporation's reporting, risk, control and compliance framework, and its external accountabilities.

During 2015-2016 committee membership comprised directors Kerry Adbey (chair), Mark Ryan, Hadley Sides, Heather Rose (until 23 May 2016), Penny Morris (from 22 June 2016) and Greg Woolley (from 22 June 2016).

Minutes of the committee meetings are presented to the following meeting of the full board for consideration and adoption. The CEO, the CFO 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 audited financial statements. An opportunity is provided for the committee to meet with the auditors without management at each meeting.

During the 2015-2016 financial year, the committee met on four occasions to consider business such as:

- compliance with Treasurer's Instructions and procurement processes
- consideration of the corporation's project management framework
- review of the corporation's delegation policy
- consideration of the 2014-2015 annual financial statements, and
- consideration of the 2015-2016 annual external audit timetable.

The committee held its biennial internal performance review in November 2015.

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 held 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.

The committee comprised directors Mark Ryan (chair), Kerry Adbey and Heather Rose.

Minutes of the committee meetings were presented to the following meeting of the full board for consideration and adoption. The CEO and CFO were invited to attend each meeting to assist the committee, but did not have any voting rights.

The corporation's investment policy was amended in April 2016 to simplify the corporation's investment alternatives, thereby significantly reducing the oversighting requirements of the investment committee. As a result, the directors agreed to disband the investment committee in June 2016 and transfer investment management responsibilities back to the board.

During the 2015-2016 financial year, the committee met on three occasions to consider business on the agenda.

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

- endorsement of re-investment of funds in accordance with the investment policy, and
- review of reports on the performance of corporation investments.



WORK HEALTH AND SAFETY (WHS)

The corporation is required to achieve compliance with the *Work Health and Safety Act 2012* and *AS/NZS 4801:2001 Occupational health and safety management systems – specifications with guidance for use* by 31 December 2016.

We acknowledge the importance of a preventable approach to work health and safety and are firmly committed to providing, as far as practicable, a safe and healthy work environment for our employees and contractors.

During the year a voluntary analysis of the corporation's WHS management system was undertaken to assess the appropriateness of the system and to help improve our WHS performance. The review concluded that the corporation had a robust, well-developed and actively managed system in place. Six corrective actions were identified and implemented by 30 June 2016.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE

The corporation procures goods, services and building and construction in accordance with Tasmanian Government policies 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 Tasmanian suppliers.

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

Table 2 provides detailed information on contracts with a value of \$50 000 or more (excluding GST).

Table 3 lists contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Treasurer's Instruction 1114.

Table 4 provides a summary of the procurements for which an exemption from the requirement to disaggregate has been approved.

The corporation did not engage any consultants in 2015-2016 with a value of \$50 000 and over (excluding GST).

No contracts were extended in accordance with Treasurer's Instruction 1115.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE CONTINUED

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

Procurement process 2015-2016	
Number of contracts awarded	6
Total number of contracts awarded to Tasmanian businesses	5
Total value of contracts awarded	\$1 037 427
Total value of contracts awarded to Tasmanian businesses	\$827 427
Total number of tenders called and/or quotation processes run	3
Total number of bids and/or written quotations received	12
Total number of bids and/or written quotations received from Tasmanian businesses	12

Source: Macquarie Point Development Corporation procurement records

**TABLE 2: MAJOR CONTRACTS ISSUED 2015-2016 FOR \$50 000 OR MORE
(EXCLUDING GST) AND EXCLUDING CONSULTANCIES**

Contractor	Location	Description of contract	Period of contract	Total value
Hazell Bros Group Pty Ltd	Derwent Park	Red Square construction	09/11/2015 to 17/02/2016	\$62 834
Hazell Bros Group Pty Ltd	Derwent Park	Car park construction	11/11/2015 to 17/02/2016	\$238 095
Taswide Building Services Pty Ltd	Mornington	Ground floor office renovation works	10/06/2016 to 31/08/2016	\$232 098

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

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE CONTINUED

**TABLE 3: CONTRACTS AWARDED AS A RESULT OF A DIRECT/LIMITED SUBMISSION
SOURCING PROCESS APPROVED IN ACCORDANCE WITH TREASURER'S INSTRUCTION 1114**

Contractor	Location	Description	Reason for approval	Total value
Pitt & Sherry Pty Ltd	Hobart	Preparation of infrastructure layout concept plans	TI 1114(1)(f) Extreme urgency brought about by events unforeseen by the corporation	\$54 400
Renewable Intelligence Pty Ltd	Sydney	Specialist commercial infrastructure development advice	TI 1114(1)(b)(iii) Due to an absence of competition for technical reasons	\$210 000
Moorilla Estate Pty Ltd (trading as Mona)	Berridale	Creative design, public art and activation services	TI 1114(1)(b)(iii) Due to an absence of competition for technical reasons	\$240 000

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

**TABLE 4: EXEMPTIONS FROM THE REQUIREMENT TO DISAGGREGATE IN ACCORDANCE WITH
TREASURER'S INSTRUCTION 1225(5)**

Date of exemption	Description of contract	Value of aggregated contract	Period
09/06/2016	Demolition works ²	\$400 000 (estimate)	31/07/2016 to 15/12/2016

Source: Macquarie Point Development Corporation procurement records

2. The closing date for this procurement was 20/07/2016. The contract will be awarded in 2016-2017.





FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
30 JUNE 2016

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

<i>Continuing operations</i>		2016	2015
	Notes	\$'000	\$'000
Revenue and other income from transactions			
Sales of goods and services	1.6(a), 2.2	211	9
Interest	1.6(b), 2.3	1 146	1 422
Total revenue and other income from transactions		1 357	1 431
Expenses from transactions			
Employee benefits	1.7(a), 3.1	995	814
Depreciation	1.7(b), 3.2	360	182
Supplies and consumables	1.7(c), 3.3	521	680
Macquarie Point project	1.7(d), 3.4	2 209	300
Other expenses	1.7(e), 3.5	102	25
Total expenses from transactions		4 187	2 001
Net result from transactions (net operating balance)		(2 830)	(570)
Net result		(2 830)	(570)
Comprehensive result		(2 830)	(570)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		2016	2015
Assets	Notes	\$'000	\$'000
<i>Financial assets</i>			
Cash and deposits	1.8(a), 8.1	35 954	41 825
Receivables	1.8(b), 4.1	506	543
<i>Non-financial assets</i>			
Inventories	1.8(c), 4.2	7 284	2 263
Property, plant and equipment	1.8(d), 4.3	1 371	902
Intangibles	1.8(e), 4.4	210	314
Other assets	1.8(f), 4.5	26	34
Total assets		45 351	45 881
<i>Liabilities</i>			
Payables	1.9(a), 5.1	2 478	153
Employee benefits	1.9(b),(c), 5.2	276	302
Total liabilities		2 754	455
Net assets		42 597	45 426
<i>Equity</i>			
Accumulated funds		42 597	8 458
Macquarie Point remediation and redevelopment	7.1	-	36 968
Total equity		42 597	45 426

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$'000	2015 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Contributions provided		-	(1 750)
Receipts from customers and other sources		904	43
Interest received		1 294	1 108
Employee benefits		(992)	(800)
Supplies and consumables		(317)	(566)
Other cash payments		(1 582)	(623)
Net cash from (used by) operating activities	8.2	(693)	(2 588)
Cash flows from investing activities			
Cash inflows			
Payments for acquisition of non-financial assets		(5 178)	(2 172)
Total cash outflows		(5 178)	(2 172)
Net cash from (used by) investing activities		(5 178)	(2 172)
Net increase (decrease) in cash held and cash equivalents		(5 871)	(4 760)
Cash and deposits at the beginning of the reporting period		41 825	46 585
Cash and deposits at the end of the reporting period	8.1	35 954	41 825

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 2016

	Macquarie Point Project Reserve \$'000	Accumulated Funds \$'000	Total Equity \$'000
Balance as at 1 July 2015	36 968	8 458	45 426
Total comprehensive result	-	(2 830)	(2 830)
Transfer between Reserves	(36 968)	36 968	-
Balance as at 30 June 2016	-	42 597	42 597
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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

The 9.3-hectare former Hobart railyards site borders the working port facilities and is adjacent to the Cenotaph and Queens Domain.

Title over Macquarie Point is held by the Crown and is expected to be transferred to the corporation during 2017. The corporation took responsibility for site operations 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 12 August 2016.

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 2016

1 Significant accounting policies (continued)

1.5 Changes in accounting policies

a) Impact of new and revised Accounting Standards

In the 2015-2016 financial year, the corporation 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 2016

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

In 2014–2015 the corporation adopted new accounting policies in relation to the treatment of remediation and redevelopment expenditure, previously reported as Property, Plant and Equipment (PPE), now identified as Inventories – Work In Progress Land Improvements, in accordance with AASB 102 *Inventories*.

The change in accounting policy resulted in the presentation of more relevant and reliable information, as the treatment of capitalised expenditure met the definitions in AASB 102 *Inventories*. Expenditure outlayed on remediation and redevelopment includes activities such as surveying and assessing the site's composition, identifying areas of contamination, and establishing underground utility services. All these activities directly relate to bringing the Macquarie Point site up to a sellable standard, adding to the value of the land as a whole and maximising potential sales revenue in the future. Upon land release and sale, these Inventories will be expensed in the Cost of Sales formula when sale of land revenues are recognised as stated in AASB 10 (34).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Significant accounting policies (continued)

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
Car park	50 per cent

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) 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.

e) 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Significant accounting policies (continued)

c) Inventories

As noted in the voluntary changes in accounting policy 1.5(c) inventories comprise of remediation and redevelopment expenditure. These costs add to the land value and will maximise the potential sales revenue once the land is sold at a future date.

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).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Significant accounting policies (continued)

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 accruing such 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 2016

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), 3.1, 5.2) and
- Depreciation rates (refer to Notes 1.7(b), 3.2).

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 2016

2 Income from transactions

2.1 Reportable income from transactions

	2016	2015
	\$'000	\$'000
2.2 Sales of goods and services		
Leasing revenue	55	9
Car parking revenue	156	-
Total	211	9

2.3 Interest

Interest	1 146	1 422
Total	1 146	1 422

3 Expenses from transactions

3.1 Employee benefits

(a) Employee Expenses

Wages and salaries	855	723
Superannuation – defined benefit scheme	49	56
Superannuation – contribution schemes	47	24
Other employee expenses	44	11
Total	995	814

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 2016 is 12.75 per cent of salary. During the 2014-15 Federal Budget, the Treasurer announced the government's intention to change the schedule for increasing the super guarantee (SG) rate to 12 per cent. The government amendments to the legislation mean that the rate will remain at 9.5 per cent until the 30 June 2021 and then increase by 0.5 per cent each year until it reaches 12 per cent.

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 2016

3 Expenses from transactions (continued)

(b) Remuneration of key management personnel

Position held	Short-term benefits			Long-term benefits			Total
	Salary	Other benefits	Super-annuation	Post employment benefits	Termination benefits	Other benefits and long service leave	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016							
Key management personnel – Executive							
Elizabeth Jack	CEO	175	31	25	-	-	5 236
Scott Parnham	Chief Financial Officer	116	25	12	-	-	3 157
Peter Sheldon-Collins	GM, Planning & Infrastructure	131	11	14	-	-	4 161
Josh Bradshaw	Manager Strategic Communications (From 3 March 2016)	36	-	3	-	-	1 40
Key management personnel – Directors							
Mark Ryan	Chair	36	-	3	-	-	- 39
Kerry Adby	Director	20	-	2	-	-	- 22
Hadley Sides	Director	20	-	2	-	-	- 22
Heather Rose	Director	20	-	2	-	-	- 22
Greg Woolley	Director (From 23 May 2016)	2	-	-	-	-	- 2
Penny Morris	Director (From 23 May 2016)	2	-	-	-	-	- 2
Total key management personnel remuneration		559	67	65	-	-	14 705

Other benefits Include movements in annual leave provisions and any FBT related costs.
Other benefits and long service leave Include movements in long service leave provisions.

2015

Key management personnel – Executive

Elizabeth Jack	CEO	172	29	23	-	-	5 230
Scott Parnham	GM, Commercial & Business Services	112	25	12	-	-	3 152
Peter Sheldon-Collins	GM, Planning & Development	128	11	13	-	-	4 156

Key management personnel – Directors

Mark Ryan	Chair (From 10 August 2014)	20	-	2	-	-	- 22
Kerry Adby	Director	14	-	1	-	-	- 16
Hadley Sides	Director	14	-	1	-	-	- 16
Heather Rose	Director	14	-	1	-	-	- 16
John Gilbert	Director (To 30 June 2015)	14	-	1	-	-	- 16

Total key management personnel remuneration		489	65	56	-	-	13 623
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3 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 2015-16 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.

	2016	2015
	\$'000	\$'000
3.2 Depreciation		
Building improvements	77	77
Software amortisation	105	105
Site security fencing	16	-
Car park and Red Square precinct	162	-
Total	360	182

3.3 Supplies and consumables

Audit fees	27	37
Operating lease costs	44	37
Consultants and contracted services	102	126
Property services	112	67
Communications	32	29
Information technology	35	49
Insurances	17	10
Travel and transport	11	18
Advertising and promotion	92	274
Other supplies and consumables	49	33
Total	521	680

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3 Expenses from transactions (continued)

	2016	2015
	\$'000	\$'000
3.4 Macquarie Point Project expenses		
Database hosting and maintenance	36	39
Rates and insurances	70	23
Other costs	139	8
Project consultations & travel	214	83
Site repairs and maintenance	304	147
Wastewater treatment plant (WWTP)	1 446	-
Total	2 209	300

3.5 Other expenses

Royal Engineers Building operational costs	33	23
Red Square site costs	26	-
Other expenses	21	1
Car parking management fee	16	-
Salary on costs	6	1
Total	102	25

4 Assets

4.1 Receivables

Tax Assets	310	229
Accrued interest revenue	169	314
Accrued car parking revenue	27	-
Total	506	543
Settled within 12 months	506	543
Total	506	543

4.2 Inventories

Land improvements – WIP (Remediation)	3 034	1 317
Land improvements – WIP (Infrastructure)	2 222	946
Cold Store	2 028	-
Total	7 284	2 263
Consumed within 12 months	-	-
Consumed in more than 12 months	7 284	2 263
Total	7 284	2 263

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 Assets (continued)

On 3 September 2015 the corporation entered into a deed of sale with Tasmanian Ports Corporation Pty Ltd for the purchase of the former cold store building and land at 6 Evans Street, Hobart. The maximum purchase price payable for the former cold store site is \$4.5 million. \$1 million was paid on 30 September 2015 and a further \$1 million will be paid on 30 September 2016.

The building will be removed and the land will require remediation before its subsequent sale. At such time the land is available for sale, the deed of sale activates the "adjustment of purchase price" which will be no later than 30 September 2030.

The adjustment of purchase price is calculated based on the net proceeds of sale less the purchase price.

As it is now likely that the cost to remediate the former cold store site will exceed the proceeds of sale, no provision has been made to account for a potential deferred consideration.

For the purposes of reporting, the cold store is classified as inventory, as per the definition below:

Inventories are assets:

- (a) Held for sale in the ordinary course of business;
- (b) In the process of production for such sale; or
- (c) In the form of materials or supplies to be consumed in the production process or in the rendering of services.

4.3 Property, plant and equipment

	2016	2015
a) Carrying amount	\$'000	\$'000
Building improvements		
At cost	785	785
Less: Accumulated amortisation	(174)	(96)
Work in progress (at cost)	33	-
Total	644	689
Leasehold improvements		
At cost	681	-
Less: Accumulated amortisation	(162)	-
Work in progress (at cost)	-	26
Total	519	26
Equipment		
At cost	224	-
Less: Accumulated amortisation	(16)	-
Work in progress (at cost)	-	187
Total	208	187
Total property, plant and equipment	1 371	902

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 Assets (continued)

	Building Improvements \$'000	Leasehold Improvements \$'000	Equipment \$'000	Total \$'000
b) Reconciliation of movements				
2016				
Carrying value at 1 July	689	26	187	902
Additions	-	655	37	692
Work in progress (at cost)	33	-	-	33
Depreciation and amortisation	(78)	(162)	(16)	(256)
Carrying amount at 30 June	644	519	208	1 371
2015				
Carrying value at 1 July	731	-	31	762
Additions	35	-	-	35
Work in progress (at cost)	-	26	156	182
Depreciation and amortisation	(77)	-	-	(77)
Carrying amount at 30 June	689	26	187	902

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 Assets (continued)

4.4 Intangibles

	2016	2015
a) Carrying amount	\$'000	\$'000
Intangibles with a finite useful life		
At cost	419	419
Less: Accumulated amortisation	(209)	(105)
Total	210	314

b) Reconciliation of movements

Carrying value at 1 July	314	415
Additions	-	419
Net movement in Work in Progress		(415)
Depreciation and amortisation	(104)	(105)
Carrying amount at 30 June	210	314

4.5 Other assets

a) Carrying amount

Other assets

Prepayments	26	34
Total	26	34
Settled within 12 months	26	34
Total	26	34

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5 Liabilities

	2016	2015
	\$'000	\$'000
5.1 Payables		
Creditors	2 148	130
Accrued expenses	330	23
Total	2 478	153
Settled within 12 months	2 478	153
Total	2 478	153

Settlement is usually made within 30 days.

5.2 Employee benefits

Accrued salaries	5	34
Annual leave	85	83
Long service leave	186	185
Total	276	302
Settled within 12 months	204	131
Settled in more than 12 months	74	171
Total	276	302

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6 Commitments and contingencies

	2016	2015
6.1 Schedule of commitments	\$'000	\$'000
By type		
<i>Capital commitments</i>		
Property, plant and equipment	508	130
<i>Total capital commitments</i>	508	130
<i>Lease commitments</i>		
Operating leases	117	83
<i>Total lease commitments</i>	117	83
<i>Other commitments</i>		
Wastewater treatment plant decommissioning & relocation design works	3 573	5 000
<i>Total other commitments</i>	3 573	5 000
Total	4 198	5 214
By maturity		
<i>Capital commitments</i>		
One year or less	508	130
<i>Total capital commitments</i>	508	130
<i>Operating lease commitments (photocopy and motor vehicles)</i>		
One year or less	49	39
From one to five years	68	44
<i>Total lease commitments</i>	117	83
<i>Other commitments</i>		
One year or less	3 013	2 000
From one to five years	560	3 000
<i>Total other commitments</i>	3 573	5 000
Total	4 198	5 214

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6 Commitments and contingencies (continued)

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 (WWTP) located adjacent to the Macquarie Point site to maximise economic benefit to Macquarie Point's development. The MOU commits the corporation to make available up to \$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. At 30 June 2016 \$1.4 million had been expended on the WWTP preliminary investigation and planning works.

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

The property, plant and equipment commitments at 30 June 2016 relate to:

- the remaining contracted building works to fit out the corporation's office building to accommodate an increase in staff and contractors, and
- the contract to design, build and install site remediation equipment.

6.2 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 2016

7 Reserves

	Macquarie Point Project Reserve	Total
	\$'000	\$'000
7.1 Reserves		
2016		
Balance at 1 July 2015	36 968	36 968
Transfer to accumulated surplus	(36 968)	(36 968)
Carrying amount at 30 June	-	-
2015		
Balance at 1 July 2014	41 141	41 141
Transfer from accumulated surplus		
Additions – Property, plant and equipment	(2 167)	(2 167)
Additions – Intangibles	(4)	(4)
Project expenditure	(2 001)	(2 001)
Carrying amount at 30 June	36 968	36 968

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 was contributed to the Brooke Street Pier Project and the balance for the Macquarie Point Project.

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.

As the Brooke Street Pier Project Reserve was fully utilised and realised during the year ended 30 June 2014, it is no longer necessary to distinguish between the two projects. The balance of the Macquarie Point Project Reserve was transferred to Accumulated Surplus on 1 July 2015.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
8.1 Cash and deposits		
Cash at bank		
Cash at bank	2 954	1 825
Total	2 954	1 825
Cash held in term deposits		
Term deposits	33 000	40 000
Total	33 000	40 000
Total cash and deposits	35 954	41 825

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

8.2 Reconciliation of net result to net cash from operating activities

Net result from transactions (net operating balance)	(2 830)	(570)
Depreciation and amortisation	360	182
Decrease (increase) in Receivables	37	(545)
Decrease (increase) in Other assets	8	(16)
Increase (decrease) in Employee benefits	(26)	(20)
Increase (decrease) in Payables	1 758	(1 619)
Net cash from (used by) operating activities	(693)	(2 588)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9 Financial instruments

9.1 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 2016

9 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 2016

9 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	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

2016

Financial liabilities

Payables	2 478	-	-	-	-	-	2 478	2 478
Total	2 478	-	-	-	-	-	2 478	2 478

2015

Financial liabilities

Payables	153	-	-	-	-	-	153	153
Total	153	-	-	-	-	-	153	153

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9 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:

	2016 \$'000	2015 \$'000
Fixed rate instruments		
Financial assets	506	543
Financial liabilities	(2 478)	(153)
Total	(1 972)	390
Variable rate instruments		
Cash at bank	35 954	41 825
Total	35 954	41 825

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 \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2016				
Cash and deposits	359	(359)	359	(359)
Net sensitivity	359	(359)	359	(359)
30 June 2015				
Cash and deposits	418	(418)	418	418
Net sensitivity	418	(418)	418	(418)

This analysis assumes all other variables remain constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9 Financial instruments (continued)

	2016	2015
	\$'000	\$'000
9.2 Categories of financial assets and liabilities		
Financial assets		
Cash and deposits	35 954	41 825
Loans and receivables	506	543
Total	36 460	42 368
Financial liabilities		
Financial liabilities measured at amortised cost	2 478	153
Total	2 478	153

10 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the year the corporation utilised the services of Smith Associates Pty Ltd for the production of the marketing collateral at a cost of \$6 715. Smith Associates Pty Ltd is a company associated with former director Heather Rose.

11 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 2016.

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 2016 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
12 August 2016



ELIZABETH JACK
Director
12 August 2016



Independent Auditor's Report

To Members of the Tasmanian Parliament

Macquarie Point Development Corporation

Financial Report for the Year Ended 30 June 2016

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 2016 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 a 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 2016 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.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Tasmanian Audit Office



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

Hobart
16 August 2016

...2 of 2

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Hobart Railway Station
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Macquarie Point site
Richard Bennett
(Page 4-5)

Dark Park
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Red Square
Miles Gray
(Page 17)

Macquarie Point offices
Jasmin Latona
(Page 28-29)