



ANNUAL REPORT 2013-14

Macquarie Point
Development Corporation



Macquarie Point
Development Corporation



MPDC Office
photograph by
Jasmin Latona

In June 2012, the Tasmanian and Australian Infrastructure Ministers entered into an agreement to support the remediation of the Macquarie Point site and the redevelopment of the Brooke Street Pier.

As part of this agreement, the Australian Government provided a \$50 million grant to the Tasmanian Government.

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

The Macquarie Point Development Corporation's 2013-2014 annual report details the Corporation's performance during the year in review, describes core priorities and strategies that have shaped and contributed to that performance, explains how the Corporation has achieved its stated goals and provides a comprehensive financial report.

To enhance the sustainability of this annual report, the Corporation has produced this document in an electronic format, which can be downloaded at www.macquariepoint.com

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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 2014.

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

Yours sincerely



MARK RYAN
Chair



KERRY ADBY
Director
Chair – Audit, Risk and Compliance Committee

CHAIR'S FOREWORD

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



It is with great pleasure that I present the Macquarie Point Development Corporation's Annual Report for 2013-2014.

The past year has been a challenging but very successful one, and on behalf of my fellow Directors I wish to thank the inaugural Chair, John Gilbert, for his stewardship and leadership since the Corporation was formed in March 2013. John will continue as a Director of the Board for the remainder of his term while we move into the next important phase of activity – delivering on the Shared Vision.

In March 2014, the government accepted the resignation of Dominic Arcaro as a Director of the Board. Dominic resigned in the interests of due process, having made the decision that his newly-formed company would tender for the role of Principal Property Advisor. I wish to also acknowledge Dominic's valuable contribution during the formative months of the project.

The redevelopment of Macquarie Point presents a significant opportunity to influence the economic and social growth and development of the city of Hobart for the next 50 years. The project, however, is not without its challenges. Macquarie Point's past industrial uses—including railway-related activities, bulk fuel storage and a gas works—have all led to land contamination and site remediation issues. There are also

a number of critical infrastructure issues that must be addressed, such as the location of the main sewer line through the site, operation of the nearby wastewater treatment plant, the proximity of the working port and the need for funding for the future establishment of roads and services to the site.

The Corporation has consulted widely with its stakeholders and the broader community over the last 18 months. This consultation has led to the development of a shared vision for the site. We are focused on delivering on the economic, social and environmental outcomes articulated in that shared vision. But first we must gain access to the site to enable the commencement of site investigations and deliver a remediation strategy by the end of 2014.

At the same time we will continue the dialogue with our strategic partners, TasWater and Tasports, about the future of the nearby wastewater treatment facility and gaining water access to augment the possibilities Macquarie Point presents.

On behalf of the Board, I wish to sincerely thank the management team and staff for their enthusiasm, dedication and professionalism in delivering the project to this exciting stage. I am very much looking forward to working with all stakeholders as Macquarie Point begins to evolve into a place we all want to share and enjoy.

A handwritten signature in blue ink, appearing to read 'Mark Ryan'. The signature is stylized with a large loop at the top and a horizontal line extending to the right.

Mark Ryan
Chair

CEO'S REPORT



The 2013-2014 year was a year of progress on several important projects for the Macquarie Point Development Corporation.

The Corporation devoted considerable energy to building the organisation from the ground up. This included recruiting and appointing staff, developing required policies and procedures, establishing corporate governance and financial management systems, formalising strategic partnerships with key stakeholders and delivering a number of initial priority projects in readiness to take on responsibility for the site in 2014-2015.

It was extremely gratifying during this period to successfully conclude negotiations around the complex financial and legal arrangements for the Brooke Street Pier. The Corporation also provided input into important technical studies to support the redevelopment of this innovative piece of public infrastructure.

GHD Pty Ltd was the successful tenderer to prepare a database and three-dimensional (3D) modelling tool to provide the Corporation with a better understanding of the characteristics of the Macquarie Point site. The database provides important background material about site contamination and infrastructure (building on work done prior to the Corporation's establishment), while the 3D modelling tool will set the foundation for future site remediation. This will enable the Corporation to extract maximum value from the Macquarie Point land in economic, social and environmental terms.

An important focus for the year, and one that will continue over the life of the project, was the consultation and engagement with the community, our strategic partners and our stakeholders. The development of our comprehensive website has meant we have been able to keep the broader community informed about our activities and invite their feedback. The Corporation held a number of successful consultation workshops to inform its "Building a Shared Vision – Redevelopment of Hobart's Macquarie Point Consultation Report, November 2013". The workshops were attended by representatives of a wide cross-section of government, the business community, our near neighbours and members of the public.

A Memorandum of Understanding (MOU) was signed with the Tasmanian Water and Sewerage Corporation (TasWater) in April 2014. A joint initiative is now underway to examine engineering options to address odour emissions from TasWater's adjacent wastewater treatment plant.

Detailed discussions with our other strategic partners—the City of Hobart and Tasports—continued throughout the year. A major emphasis has been the role these two organisations can play in facilitating the delivery of the shared vision for the site.

CEO'S REPORT CONT...

A range of policies and procedures for the Corporation are now in place, including Environmental, Giving and Receiving Gifts, ICT Systems, Information Management, Investment, Risk Management, Social Media and Work Health & Safety.

While the year saw us recruit the remaining members of our staff—the Site Management Officer, Corporate Accountant and Communications Officer—we also said farewell to our Manager Strategic Communications. Pene Snashall spent nine months with the Corporation and in that time laid the very important groundwork for our stakeholder consultation and engagement, as well as establishing our website and social media interface.

Accompanied by the General Manager Planning and Development, I undertook a study tour in March 2014, with visits to international developments comparable with the Macquarie Point project.

This tour highlighted a number of lessons that have relevance for Macquarie Point, including the need to be very clear about our vision and not allowing it to be 'picked apart' during the life of the project. Equally crucial is not to be forever planning and refining the concept, but to simply 'get on with it'.

I would like to acknowledge my fellow Directors—Kerry Adby, Dominic Arcaro (who resigned in March 2014), John Gilbert, Heather Rose, Hadley Sides and our new Chair Mark Ryan—for their ongoing support of me and their dedication to the work of the Corporation. Likewise, to my senior management team—Scott Parnham and Peter Sheldon-Collins; and our support staff, Teresa Derrick, Kate Harris, Anna Hawkes, Kim Perkins, Christoph Speer and Bernice Thompson—my thanks for your loyalty, commitment and hard work over the last 12 months, which I know will be repeated as we head into the next exciting stages of the project.



Elizabeth Jack

Chief Executive Officer

OUR BOARD

The Corporation is overseen by a Board of six Directors, one of whom is the Chief Executive Officer. The Board's Audit, Risk and Compliance Committee holds specific responsibility for the oversight of those aspects of the Corporation's operations.

The Chief Executive Officer is responsible for the day-to-day management of the Corporation in accordance with the policies, procedures and decisions of the Board.



Chair – Mark Ryan B Com, ACA, MAICD, FAIM

Mark was announced as the new Chair of the Corporation on 1 August 2014. He is the Managing Director and Chief Executive Officer of Tassal Group Ltd, having held the position since November 2003. He is the current Chair of Juicy Isle Pty Ltd, and a Director of Salmon Enterprises of Tasmania Pty Ltd, as well as a number of other industry-related associations. Mark has over 26 years' experience in the finance and turnaround-management sector. He has contributed to a wide range of successful projects in some highly profitable and significant organisations in Tasmania, interstate and overseas, not only as a Managing Director and CEO, but also as a Turnaround Manager and from a consultancy perspective.



CEO - Elizabeth Jack BA ModLang (Hons)

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



Chair – Audit, Risk and Compliance Committee – Kerry Adbry LL.M., FAICD

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



John Gilbert B Com, FAICD, FAMI

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

OUR BOARD CONT...



Heather Rose

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 an international arts festival – Festival of Voices. She is also an award-winning author. Heather is a graduate of the AICD, a Telstra Tasmanian Business Woman of the Year and the recipient of two national Creative Partnerships Awards (formerly ABAF). She is a passionate supporter of creativity and innovation as fundamental to social, economic and individual wellbeing.



Hadley Sides B Econ (Hons), GAIC

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, 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.



Dominic Arcaro* LLB (Hons), BA

Dominic has a wealth of diverse commercial and property sector experience, including having held the positions of General Manager Urban Revitalisation and Chief Development Officer at Places Victoria (formerly VicUrban) for seven years. In these roles he held responsibility for more than 30 mixed-use commercial property projects with a development value in excess of \$2 billion. He is a past Senior Director at CBRE. Dominic resigned from the Macquarie Point Development Corporation Board in March 2014 in the interests of due process, having made the decision that his newly-formed company would tender for the role of Principal Property Advisor.

BOARD MEETINGS AND ATTENDANCE

In 2013-2014, 10 Board meetings were held, two of which were out-of-session. Below is a record of attendance.

	Board of Directors meetings		Audit, Risk and Compliance Committee meetings	
	Number held	Number attended	Number held	Number attended
J Gilbert	10	10	4	3
E Jack	10	10	—	—
K Adby	10	9	4	4
D Arcaro*	8	6	3	2
H Rose	10	10	4	3
H Sides	10	10	4	4

*Dominic Arcaro resigned as a director, effective 17 March 2014. Mark Ryan was appointed Chair on 11 August 2014.

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.

VALUES

VISION: MACQUARIE POINT WILL BE A VIBRANT, LIVEABLE AND SUSTAINABLE PLACE THAT OPTIMISES ECONOMIC, SOCIAL AND ENVIRONMENTAL 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 and at the Brooke Street Pier.

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 2013-2014

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BROOKE STREET PIER REDEVELOPMENT

THE CONSTRUCTION—THE FIRST OF ITS KIND IN TASMANIA—WILL SEE AN 80-METRE LONG, FOUR-LEVEL FLOATING PIER BEING TOWED INTO PLACE AT THE SITE OF FRANKLIN WHARF BY THE END OF 2014.



Artist's Impressions:
CIRCA Morris-Nunn
Architects

One of the Corporation's most significant achievements for 2013-2014 was the successful negotiation of the complex financial and legal arrangements for Brooke Street Pier. The Corporation also provided input into important technical studies to support the redevelopment of this innovative piece of public infrastructure that will significantly change the face of Sullivans Cove.



The Corporation's involvement in the project—managing the Australian Government's \$5 million funding contribution to support the development—has ensured that a commercially-secure asset will provide local ferry infrastructure and much-needed public amenities.

The Corporation's role included working with the Brooke Street Pier developers to ensure appropriate development models and supporting studies—such as engineering design and risk assessments—informed the final design. Agreement was reached on the funding and management model in December 2013.

In negotiating arrangements for the project with the proponents, the Corporation maintained a focus on the opportunities the new pier presents for job creation (both in the short and long term), tourism-related ventures, the creation of exportable skills and the opportunities for showcasing innovation and new technologies. In construction terms alone, the project is likely to generate approximately 250 jobs.

The Brooke Street Pier Redevelopment Loan Agreement will ensure the public has ongoing access to the floating pier at Brooke Street for at least the next 50 years. The Corporation will continue to work with the proponents until construction is completed at the end of 2014.

MACQUARIE POINT SITE ACCESS / OWNERSHIP



MPDC Office
photographs by
Jasmin Latona

The Corporation relocated to the refurbished Station building on the Macquarie Point site in July 2013. The refurbishment was undertaken with a strong focus on achieving an environmentally friendly outcome and represents a significant saving compared with the long-term rental costs of similar office space elsewhere over the 10 to 15 year life of the project.

Using the principles of the Green Building Council of Australia Green Star Rating, the refurbished office includes a range of energy efficient components including high-level thermal insulation and double glazing to minimise operational energy consumption as well as natural ventilation throughout the building.

The Corporation will have an opportunity to lease part of the building to contractors working on the site, providing an important source of income. The renovated building will also be a valuable asset the Corporation can lease or sell at the end of the project, or it can be handed back to the government for other purposes.

During the year, gaining access to the site to enable early site investigations and trials to commence was the subject of continued negotiations with TasRail, as holders of the head lease. However, the intended early access was not possible, with TasRail and Toll Tasmania continuing to operate at Macquarie Point until their relocation to the Brighton Transport Hub in July 2014. This restricted the conduct of important site investigations required to underpin the development of a site remediation strategy.

COMMUNITY ENGAGEMENT AND COMMUNICATIONS

IN DEVELOPING THE SHARED VISION FOR THE MACQUARIE POINT SITE, THE CORPORATION CONDUCTED BROAD-SCALE COMMUNITY CONSULTATION. THIS WAS AUGMENTED BY TWO SEPARATE, SPECIFIC WORKSHOPS HELD IN OCTOBER 2013. THE AIM OF THE WORKSHOPS WAS TO IDENTIFY THE QUALITATIVE OUTCOMES PEOPLE WERE SEEKING, AND TO HEAR PARTICIPANTS' VIEWS ON THE SITE'S FUTURE DEVELOPMENT.

The first workshop involved 40 participants, including all major stakeholders, representatives from key government agencies, southern councils and a handful of new stakeholders who had previously not been involved, including a representative from the disability sector. The second workshop was a public event that attracted 64 participants, including Corporation email subscribers, Tasmanian and Australian parliamentarians and representatives from many community/not-for-profit organisations.

The workshops included an overview of the challenges faced by the Corporation, and asked participants to consider a range of questions related to future development of Macquarie Point. Participants also discussed the original underpinning principles for site development and were given the opportunity to formulate additional principles. These were considered by the Corporation as part of the development of the shared vision document, resulting in the inclusion of an additional three principles.

The workshops generated more than 1 200 individual comments, and an additional 29 submissions were lodged electronically.

Our community engagement did not stop there. Over 30 statewide briefings and presentations to organisations such as Engineers Australia, the Tasmanian Heritage Council, the Australian Institute of Project Management, Tasmanian Skål International and the Local Government Managers Association were held, generating further interest and providing valuable feedback on the project.

The Corporation also welcomed a number of visitors interested in knowing more about the project, ranging from kindergarten to university students to the Malaysian property developer SP Setia BHD. A number of information days were also held at various LINC locations including Kingston, Glenorchy, Hobart and Rosny.

And in support of our value of Community, staff contributed to the ABC Giving Tree event, not only donating to the cause as its charity of choice in 2013, but also assisting with collections and helping the ABC team with sorting and packing the Christmas gifts with many other volunteers.



WORKING WITH OUR STRATEGIC PARTNERS



Satellite image of Hobart's waterfront showing Macquarie Point. (Google Earth)

A Memorandum of Understanding (MOU) was signed with the Tasmanian Water and Sewerage Corporation (TasWater) in April 2014. A joint initiative is now underway to examine engineering options to address odour emissions from the wastewater treatment plant that adjoins the Macquarie Point site. Solutions generated from this work are aimed at enabling TasWater's plant to continue operating at its present location, while incorporating the proposed land uses at Macquarie Point.

While the Corporation had originally anticipated signing a formal MOU with another two of its strategic partners—the City of Hobart and Tasports—this remained under discussion during the year; however, it did not hinder the development of a strong and effective working relationship between the three organisations.

All three parties remained committed to open discussion and collaboration, with a strong emphasis on the respective roles each can play in not only facilitating delivery of the shared vision for the site, but in working together to ensure each organisation's strategic direction is considered and respected.

In the next 12 months it will be critical for the Corporation to gain title and/or direct access to land on the water's edge. We must also ensure that the site redevelopment plan is well integrated with and complements the City of Hobart's overall strategic development plans, while also taking into consideration Tasports' future plans.

PLANNING AND PREPARATORY WORK

In preparation for taking over responsibility for the site, considerable underpinning work was carried out in 2013-2014. This included the development of a site database and 3D modelling tool.

The site database was developed following a technical and scientific review of the historical reports, data and information pertaining to the Macquarie Point site that had been gathered by the Crown over the past 30 years. The purpose of the database is to ensure that all relevant, reliable and useful information can be used by the Corporation to inform the development of the remediation strategy. The database has also highlighted critical information gaps that must be filled to provide the data needed to develop a rigorous and accurate remediation strategy. To fill these gaps, a sampling and analysis program was commenced in mid-2014.

The 3D models are an interactive explanatory tool that have been developed to enable decision makers to gain a better understanding of the technical issues and considerations in the future remediation and redevelopment of the site. Models have been developed for the following technical areas:

- topography, geology and substructure
- hydrology and groundwater movements
- site contamination and predicted transmigration paths of contaminants
- climate change and storm impacts
- history of site landform, including reclamation
- heritage and archaeology
- key planning issues such as view fields and height restrictions.

Both the database and models will be continually updated as more information becomes available through the sampling and analysis program.

In May 2014, the Corporation engaged the services of AECOM Australia as its remediation consultant. AECOM is working closely with the Corporation to develop the remediation strategy in concert with the site redevelopment plan in the first quarter of 2015, enabling the Corporation to extract maximum value from the Macquarie Point land in economic, social and environmental terms.

Other critical planning work undertaken was the valuable historical summary of the site prepared by archaeological and heritage specialists, Austral Tasmania. Austral has since been engaged to further investigate Aboriginal and early European historical archaeology, and consider its potential heritage value. This work will provide valuable information to support the development of a Heritage Management Plan for the site.

Following the relocation of TasRail and Toll Tasmania's operations to the Brighton Transport Hub, access to the Macquarie Point site was progressively handed over to the Corporation. One of the first matters the Corporation addressed was temporary perimeter fencing, the installation of which commenced prior to TasRail vacating the site. As several locations around the 1.5 kilometre perimeter of the site were identified as being easily publicly accessible, the Corporation acted quickly to secure those areas, lodging a development application with the Hobart City Council for permanent fencing.

RISK MANAGEMENT

While the development of a comprehensive risk register was delayed during the year pending the appointment of key advisors, this task has now been completed. The Strategic Risk Register will now be refined, and a Risk Management and Action Plan developed to include mitigating measures and further actions to address the net risks identified.

CORPORATE FINANCE, REVENUE AND RESOURCE MANAGEMENT

To underpin the delivery of the Corporation's objectives, a number of activities in the area of corporate finance were completed during the year. Charters were developed and meetings held for the Audit, Risk and Compliance Committee and the Investment Committee, and an internal auditor was appointed.

The development of an Investment Policy and a Work Health and Safety Management System was commenced during the year—both of which have now been completed and implemented.

Before the Corporation had any internal corporate resources to draw upon, a service level agreement was entered into with the Department of Justice to provide services in the areas of human resources, finance, payroll, records, procurement, property, contractual and information technology. Following the appointment of appropriately-qualified staff, it was agreed that the Corporation would take over responsibility for all but the provision of human resources and payroll services. This took effect from 1 July 2014.

OPERATIONS AND STATUTORY REPORTING

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MANAGEMENT

The Corporation has a well-defined set of objectives, strong ethical values and an experienced, dedicated team to manage and deliver the Macquarie Point project with support from a select group of technical experts and guidance from the Corporation's Board.

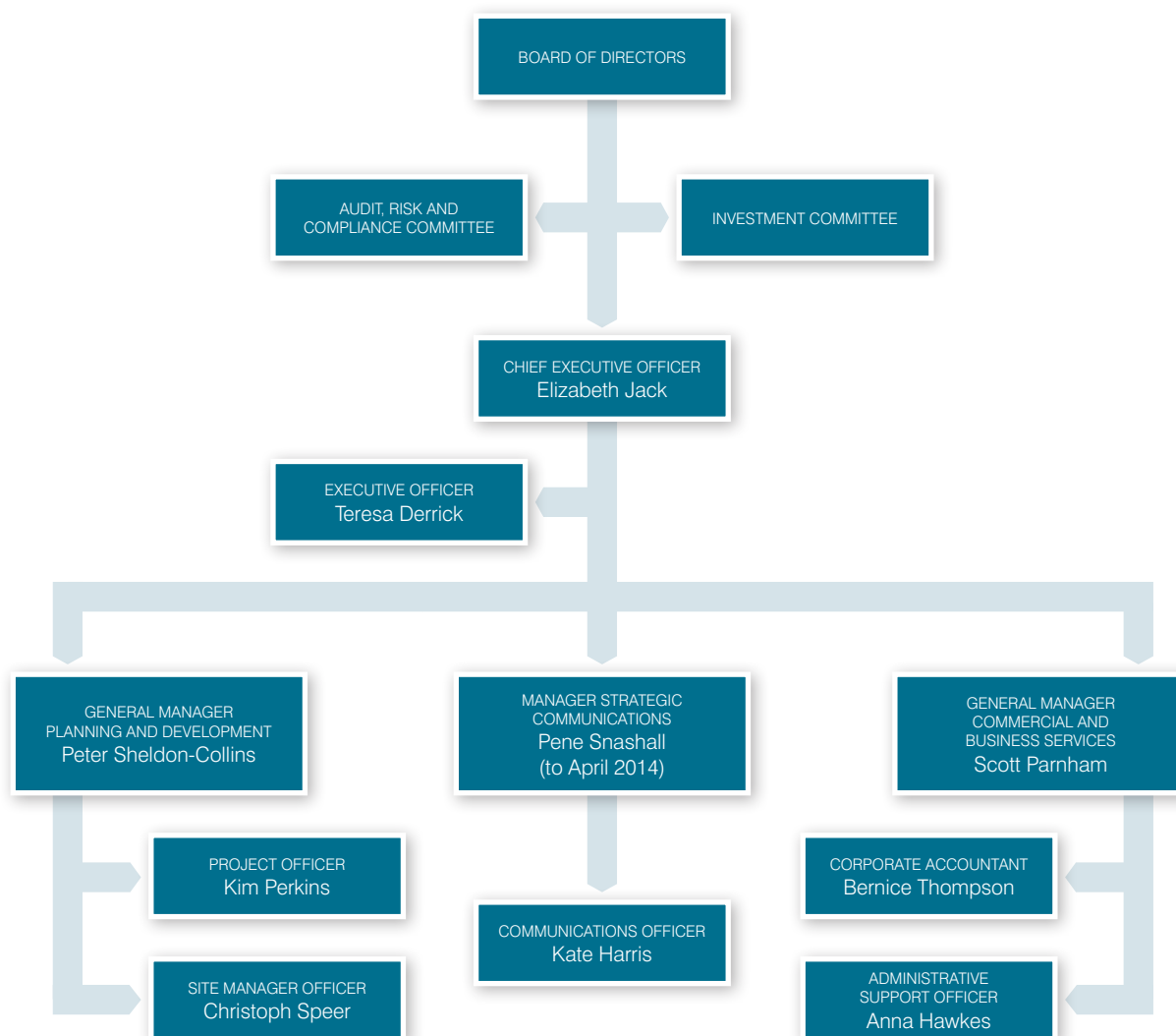
The current management team comprises:

Elizabeth Jack, BA ModLang (Hons)
Chief Executive Officer

Scott Parnham, B Com, FCPA
General Manager, Commercial
and Business Services

Peter Sheldon-Collins, BAppSc
General Manager, Planning
and Development

ORGANISATIONAL CHART





Port of Hobart July 2014, supplied by
Tasmanian Ports Corporation

INTERNAL AUDIT AND RISK MANAGEMENT

KPMG Australia was appointed by the Corporation to provide internal audit and risk management services. These services include assistance in determining the Corporation's risk profile, assessing the progress in implementing agreed risk mitigation plans and reviewing systems to determine the adequacy of controls and procedures.

KPMG's initial considerations included a review of the Corporation's draft Investment Policy and the procedure for processing loan drawdown payments in accordance with the Brooke Street Pier Redevelopment Loan Agreement.

The Corporation's program of risk management is overseen by the Audit, Risk and Compliance Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee was established in April 2013 to assist the Board in exercising due care, diligence and skill in performing its functions and responsibilities, and to provide guidance and make recommendations to the Board on the Corporation's reporting, risk, control and compliance framework, and its external accountabilities.

The Committee comprised Directors Kerry Adby (Chair), Dominic Arcaro (who resigned from the Board in March 2014), John Gilbert, Heather Rose and Hadley Sides. It met on four occasions in 2013-2014.



WORK HEALTH AND SAFETY (WHS)

The Corporation is required to achieve compliance with the *Work Health and Safety Act 2012* and *AS/NZS 4081:2001 Occupational health and safety management systems—Specifications with guidance for use* by 31 December 2016. Following the appointment of external specialists, the development of the Corporation's Work Health and Safety (WHS) Management Plan commenced during the year. A Work Health and Safety Gap Analysis will be undertaken by the State Sector Management Office during the coming year to assist the Corporation to identify any corrective actions.

The Corporation is committed to enabling all work activities to be carried out safely, and with all possible measures taken to remove (or at least reduce) risks to the health, safety and welfare of employees, contractors, authorised visitors and volunteers.

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

The Corporation's Work Health and Safety reporting system includes mandatory work health and safety performance objectives, measures and targets. In 2013-2014, no lost time claims or injuries were recorded.

WHS consultation systems were established to identify, review and address WHS issues. Effective hazard identification, control and risk management practices were implemented and practices were also put in place to improve the health and wellbeing profile of the Corporation's workforce.

OVERSEAS TRAVEL

A study tour undertaken in March 2014, involving visits to international developments comparable with the Macquarie Point project, provided a number of messages and lessons that have relevance for Macquarie Point, including the need for the Corporation to be very clear about its vision and not to be forever planning and refining concepts, but to get on with the task at hand.

The Corporation must be adaptive, especially when outside influences threaten to impact on designs or plans. On these occasions it is sometimes better to work with the issues as opposed to trying to tackle them head-on.

Macquarie Point's development framework must be well-defined and should be agreed as early as possible in the process to maintain interest from the public, stakeholders and potential developers. Its preparation should not be handicapped by the remediation task and it should define a bold and daring vision.

A list of those developments visited and meetings attended is provided overleaf.

OVERSEAS TRAVEL CONT...

Name	Destination	Period of travel	Meetings and site visits
Elizabeth Jack	London	18-21 March	/ The Barbican
Peter Sheldon-Collins			/ The Avenue Project
			/ Battersea Power Station development
			/ Nine Elms (Royal Mail)
Elizabeth Jack	Dublin	21-23 March	/ Dublin Council and Dublin Docklands Development Authority
Peter Sheldon-Collins			/ Dublin Docklands developments
Elizabeth Jack	Oslo	23-24 March	/ Slow Space, Bjørvika
Peter Sheldon-Collins			
Elizabeth Jack	Bergen	24-25 March	/ Bergen Council, Municipal Department of Urban Design, Climate and Environment Affairs
Peter Sheldon-Collins			/ Bergen City and light rail
Elizabeth Jack	London	26 March	/ Box Park, Shoreditch
Peter Sheldon-Collins			
Elizabeth Jack	Kuala Lumpur	28 March	/ KL Eco City, Setia International, Kuala Lumpur
Peter Sheldon-Collins			

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE

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

The Corporation aims to maximise the opportunity for local business participation in all its procurement processes.

During 2013-2014, the Corporation awarded 19 contracts to technical experts, totalling \$450 000. Of these, 15 were awarded to Tasmanian businesses. The Corporation awarded three contracts with a value of \$50 000 or over (excluding GST.)

The following tables provide details in accordance with Treasurer's Instructions 1111 and 1203 for all contracts awarded (including consultancies) and procurements called during 2013-2014 with values in excess of \$50 000.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE CONT...

Table 1: Summary of participation by local business for contracts, tenders and/or quotation processes of \$50 000 or over (exc. GST)

Procurement process 2013-2014	
Number of tenders awarded	1
Total number of contracts awarded to Tasmanian businesses	15
Total value of contracts awarded	\$550 000
Total value of contracts awarded to Tasmanian businesses	\$234 000
Total number of tenders called and/or quotation processes run	8
Total number of bids and/or written quotations received	36
Total number of bids and/or written quotations received from Tasmanian businesses	20

Source: Macquarie Point Development Corporation procurement records

Table 2: Major contracts issued 2013-2014 for \$50 000 and over (exc. GST)

Contractor	Location of contractor	Description of contract	Period of contract	Total value of contract
Ditech Systems Pty Ltd t/as Intuit Technologies	Hobart, Tas	Supply of IT products and services	10/06/2014 to 09/06/2017 (with an option to extend for an additional three years to 09/06/2020)	\$95 400

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

Table 3: Consultants engaged 2013-2014 for \$50 000 and over (exc. GST)

Consultant	Location of consultant	Description of consultancy	Period of contract	Total value of contract
AECOM Australia Pty Ltd	Melbourne, Vic	Development, implementation and ongoing oversight of a remediation strategy for the Macquarie Point site	02/05/2014 to 01/05/2017 (with two additional three-year options to 01/05/2023)	Est up to \$300 000
KPMG Pty Ltd	Hobart, Tas	Provision of internal audit services	07/04/2014 to 06/04/2017	\$60 500

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

No contracts were awarded resulting from a direct/limited sourcing process.

FINANCIAL STATEMENTS

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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 2014 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

14 August 2014



.....
Elizabeth Jack

Director

14 August 2014

Statement of Comprehensive Income for the year ended 30 June 2014

		2014	4 March 2013 to 30 June 2013
	Notes	\$'000	\$'000
Continuing operations			
Revenue and other income from transactions			
Grants – project revenue	1.6a), 4.1	-	50 130
Interest	1.6b), 4.2	1 600	1 611
Total revenue and other income from transactions		1 600	51 741
Expenses from transactions			
Employee benefits	1.7a), 5.1	913	605
Depreciation	1.7b), 5.2	19	-
Supplies and consumables	1.7c), 5.3	329	326
Grants and subsidies	1.7d), 5.4	156	178
Contributions provided	1.7e), 5.5	4 666	-
Other expenses	1.7f), 5.6	141	12
Total expenses from transactions		6 224	1 121
Net result from transactions (net operating balance)		(4 624)	50 620
Comprising			
Result from Brooke Street Pier Project	3.4	(4 822)	4 822
Result from Macquarie Point Project	3.4	198	45 798
Net result		(4 624)	50 620
Comprehensive result		(4 624)	50 620

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2014

		2014	2013
	Notes	\$'000	\$'000
Assets			
<i>Financial assets</i>			
Cash and deposits	1.8a), 10.1	46 585	50,581
Receivables	1.8b), 6.1	(2)	19
<i>Non-financial assets</i>			
Property, plant and equipment	1.8c), 6.2	1 076	137
Intangibles	1.8d), 6.3	415	-
Other assets	1.8e), 6.4	17	19
Total assets		48 091	50 756
Liabilities			
Payables - creditors	1.9a), 7.1	22	10
Payables – Brooke Street Pier Project	1.9a), 7.1	1 750	-
Employee benefits	1.9b), 1.9c), 7.2	323	125
Other liabilities	1.9d), 7.3	-	1
Total liabilities		2 095	136
Net assets		45 996	50 620
Equity			
Accumulated funds		4 855	1 879
Reserves			
Brooke Street Pier Project	9.1	-	4 822
Macquarie Point Project	9.1	41 141	43 919
Total equity		45 996	50 620

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

Statement of Cash Flows for the year ended 30 June 2014

		2014	4 March 2013 to 30 June 2013
	Notes	\$'000	\$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Brooke Street Pier Project			
Grants – project revenue		-	5 000
Grants and subsidies		(156)	(178)
Contributions provided		(2 916)	-
Net cash from (used by) Brooke Street Pier Project		(3 072)	4 822
Macquarie Point Project			
Grants – project revenue		-	45 111
GST receipts		238	-
Interest received		1 600	1 611
Employee benefits		(723)	(480)
GST payments		(213)	-
Supplies and consumables		(325)	(338)
Other cash payments		(137)	(8)
Net cash from (used by) Macquarie Point Project		440	45 896
Net cash from (used by) operating activities	10.2	(2 632)	50 718
Cash flows from investing activities			
Payments for acquisition of non-financial assets		(1 364)	(137)
Net cash from (used by) investing activities		(1 364)	(137)
Net increase (decrease) in cash held and cash equivalents		(3 996)	50 581
Cash and deposits at the beginning of the reporting period		50 581	-
Cash and deposits at the end of the reporting period	10.1	46 585	50 581

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 2014

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

	Brooke Street Pier Project Reserve	Macquarie Point Project Reserve	Accumulated Funds	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 4 March 2013	-	-	-	-
Total comprehensive result	-	-	50 620	50 620
Transfer between Reserves	4 822	43 919	(48 741)	-
Balance as at 30 June 2013	4 822	43 919	1 879	50 620

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

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Note 1 Significant Accounting Policies

1.1 Establishment and Objectives of the Organisation

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

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

The 8.6 hectare former Hobart railyards site borders the working port facilities and is adjacent to the Cenotaph and Queens Domain.

Title over the site is held by Crown and will not be transferred to the Corporation until the current commercial arrangements between the Crown and TasRail, as holders of head lease, come to an end. Although this could be as late as December 2016, handover of site responsibility is expected to occur by the end of 2014.

The Macquarie Point Project is guided by a number of project principles. Development concepts must:

- Involve a mix of uses;
- Promote inner city living;
- Be people focussed;
- Be well-connected to the broader Hobart environment;
- Not prejudice port activities;
- Complement, and not compete with, activity in the Central Business District of Hobart;
- Leverage local competitive advantages, thereby delivering major socio-economic benefit to Hobart and the state;
- Respect the site's history; and
- 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 14 August 2014.

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.

1.5 Changes in Accounting Policies

a) Impact of new and revised Accounting Standards

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

- AASB 119 *Employee Benefits* (201110 *Amendments to Australian Accounting Standards arising from AASB 119*) – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. There is no material financial impact.
- 20126 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* [AASB 9, AASB 200911, AASB 20107, AASB 20117 & AASB 20118] – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. There is no financial impact.

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 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 and is available from 1 January 2017 for application by not-for-profit entities. The application or potential impact of the Standard has not yet been determined.
- AASB 20123 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* [AASB 132] – This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of setoff” and that some gross settlement systems may be considered equivalent to net settlement. There will be no financial impact.
- AASB 20135 *Amendments to Australian Accounting Standards arising from Annual Improvements 20092011 Cycle* [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There will be no financial impact.

c) Voluntary changes in accounting policy

The Corporation has adopted new accounting policies in relation to Reserves Accounting in Equity Accounts. The impact of the changes has been adjusted in the comparative information presented in the Financial Statements and associated notes.

The change in accounting policy results in the presentation of information which more clearly distinguishes between the separate objectives of the Corporation; the Brooke Street Pier Project and the Macquarie Point Project. The reserve accounts represent the balance of funds available from the Commonwealth Government Grant initially invested in the projects for the continuing project work.

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) Grants

Grants payable by the Australian Government are recognised as revenue when the Corporation gains control of the underlying assets. Where grants are reciprocal, revenue recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

b) Interest

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

1.7 Expenses from Transactions

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

a) Employee benefits

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

b) Depreciation and amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which 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 which are reviewed annually. Major depreciation rates are as follows:

Building Improvements -10 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) Grants and subsidies

Grants and subsidies expenditure is recognised to the extent that:

the services required to be performed by the grantee have been performed; or

the grant eligibility criteria have been satisfied.

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

e) Contributions provided

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

During the year the Corporation entered into a contractual arrangement with Brooke Street Development Corporation to provide a loan arrangement over a term of 48 years. As part of this agreement the loan repayments (due on 30 June each year) are immediately converted to a non-refundable grant/contribution from the Corporation to Brooke

Street Development Corporation. The maximum amount of the loan is \$4,665,744. In substance, the loan is a non-refundable grant/contribution to the Brooke Street Pier redevelopment. As a result, the Corporation has recognised the full contribution as an expense in the Statement of Comprehensive Income on the date the loan was entered into, and hence there is no loan receivable recorded in the Statement of Financial Position.

The loan is non-interest bearing and must be drawn down over the construction phase and no later than 31 December 2015 or 24 months from the first drawdown date, whichever is sooner. The loan is not repayable unless default provisions of the agreement are triggered. The Corporation holds security over assets to support these obligations.

At 30 June 2014, \$1.75 million of the total \$4.67 million remained payable to the Brooke Street Development Corporation, represented in the Liability section of the Statement of Financial Position.

f) 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, any deposits held at call with a bank or financial institution. Deposits are recognised at amortised cost, being their face value.

b) Receivables

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

c) 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 cost 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 de-recognised. 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 which are material in total).

d) 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.

e) Other assets

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

1.9 Liabilities

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

a) Payables

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

b) Employee benefits

Liabilities for wages, salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

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

c) Superannuation

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

d) Other liabilities

Other 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.

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.

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 1.7a), 5.1); and
- Depreciation rates are detailed in Note 1.7(b)

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 or the adoption of new accounting policy in relation to Reserve Accounting in Equity.

The change in accounting policy results in the presentation of information which more clearly distinguishes between the separate objectives of the Corporation; the Brooke Street Pier Project and the Macquarie Point Project. The reserve accounts represent the balance of funds available from the Commonwealth Government Grant initially invested in the projects for the continuing project work.

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.

Note 2 Events Occurring After Balance Date

There have been no events subsequent to balance date that would have a material effect on the Corporation's Financial Statements as at 30 June 2014.

Note 3 Segment Information

3.1 Identification of reportable segments

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

BROOKE STREET PIER PROJECT RESERVE

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

MACQUARIE POINT PROJECT RESERVE

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

3.2 Basis of accounting for purposes of reporting by operating segments

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

3.3 Geographic information

All revenue is generated from Australian-based resources.

3.4 Reportable segments

2014	Brooke Street Pier Project	Macquarie Point Project	Consolidated
	\$'000	\$'000	\$'000
Revenue			
Interest	-	1 600	1 600
Total revenue and other income from transactions	-	1 600	1 600
Expenses from transactions			
Employee benefits	-	913	913
Depreciation	-	19	19
Supplies and consumables	-	329	329
Grants and subsidies	156	-	156
Contributions provided	4 666	-	4 666
Other expenses	-	141	141
Total expenses from transactions	4 822	1 402	6 224
Segment result from transactions	(4 822)	198	(4 624)
Total assets	1 750	46 341	48 091
Total liabilities	1 750	345	2 095
Other disclosures			
Reserves	-	41 141	41 141
2013	Brooke Street Pier Project	Macquarie Point Project	Consolidated
	\$'000	\$'000	\$'000
Revenue			
Grants – project revenue	5 000	45 130	50 130
Interest	-	1 611	1 611
Total revenue and other income from transactions	5 000	46 741	51 741
Expenses from transactions			
Employee benefits	-	605	605
Supplies and consumables	-	326	326
Grants and subsidies	178	-	178
Other expenses	-	12	12
Total expenses from transactions	178	943	1 121
Segment result from transactions	4 822	45 798	50 620
Total assets	4 822	45 934	50 756
Total liabilities	-	136	136
Other disclosures			
Reserves	4 822	43 919	48 741

Note 4 Income from Transactions

4.1 Grants

	2014	2013
	\$'000	\$'000
Grants from the Australian Government		
Grant – Brooke Street Pier Project	-	5 000
Grant – Macquarie Point Project	-	45 000
Other General grants	-	20
Other Specific grants	-	110
Total Grants	-	50,130

The project is funded through a grant of \$50 million from the Australian Government, as detailed in the Project Agreement signed by the Tasmanian and Australian Infrastructure Ministers on 22 June 2012. Of the total \$50 million received, \$5 million is allocated to the redevelopment of public infrastructure at Brooke Street Pier. The remaining \$45 million is earmarked for Macquarie Point.

4.2 Interest

	2014	2013
	\$'000	\$'000
Interest	1 600	1,611
Total	1 600	1,611

Note 5 Expenses from Transactions

5.1 Employee benefits

	2014	2013
	\$'000	\$'000
Wages and salaries	803	527
Superannuation – defined benefit scheme	52	11
Superannuation – contribution schemes	28	49
Other employee expenses	30	6
Total	913	605

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 2014 is 12.75 per cent of salary (12.5 per cent at 30 June 2013). During 2012-13, the Australian Government introduced a phased increase in the superannuation guarantee rate from 9 per cent to 12 per cent over the seven years ending 2019-20. This results in the Corporation's employer contribution rising to 13.0 per cent from 1 July 2014, and increasing 0.5 per cent per annum through to 15.5 per cent from 1 July 2019.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.25 per cent of salary. In addition, the Corporation is also required to pay to Treasury a “gap” payment equivalent to 3.5 per cent of salary in respect of employees who are members of the contribution schemes.

5.2 Depreciation

	2014	2013
	\$'000	\$'000
Building improvements	19	-
Total	19	-

5.3 Supplies and consumables

	2014	2013
	\$'000	\$'000
Audit fees – financial audit	4	7
Operating lease costs	32	-
Consultants and contracted services	55	271
Property services	33	-
Plant and equipment	68	-
Communications	16	4
Information technology	24	1
Travel and transport	55	24
Advertising and promotion	14	13
Other supplies and consumables	28	6
Total	329	326

5.4 Grants and subsidies

	2014	2013
	\$'000	\$'000
Grants and subsidies – Brooke Street Pier Project	156	178
Total	156	178

5.5 Contributions provided

	2014	2013
	\$'000	\$'000
Contributions provided – Brooke Street Pier Project	4 666	-
Total	4 666	-

5.6 Other expenses

	2014	2013
	\$'000	\$'000
Salary on-costs	5	5
Corporate services	120	-
Other expenses	16	7
Total	141	12

Note 6 Assets

6.1 Receivables

	2014	2013
	\$'000	\$'000
Receivables	4	-
Tax assets	(6)	19
Total	(2)	19
Settled within 12 months	(2)	19
Total	(2)	19

6.2 Property, plant and equipment

a) Carrying amount

	2014	2013
	\$'000	\$'000
Leasehold improvements		
At cost	750	-
Less: Accumulated amortisation	(19)	-
	731	-
Work in progress (at cost)	314	137
Total	1 045	137
Equipment		
Work in progress (at cost)	31	-
	31	-
Total property, plant and equipment	1 076	137

b) Reconciliation of movements

2014	Leasehold Improvements	Equipment	2013
	\$'000	\$'000	\$'000
Carrying Value at 1 July	137	-	137
Additions	750	-	750
Net movement in Work in Progress	177	31	208
Depreciation and amortisation	(19)	-	(19)
Carrying amount at 30 June	1 045	31	1 076

2013	Leasehold Improvements	Equipment	2013
	\$'000	\$'000	\$'000
Work in Progress additions	137	-	137
Carrying amount at 30 June	137	-	137

6.3 Intangibles

a) Carrying amount

	2014	2013
	\$'000	\$'000
Intangibles with a finite useful life		
Work in Progress (at cost)	415	-
Total	415	-

b) Reconciliation of movements

	2014	2013
	\$'000	\$'000
Carrying amount at 1 July	-	-
Net movement in Work in Progress	415	-
Carrying amount at 30 June	415	-

6.4 Other assets

a) Carrying amount

	2014	2013
	\$'000	\$'000
Other assets		
Prepayments	17	19
Total	17	19
Settled within 12 months	17	19
Total	17	19

Note 7 Liabilities

7.1 Payables

	2014	2013
	\$'000	\$'000
Creditors	-	8
Contribution payable – Brooke Street Pier Project	1 750	-
Accrued expenses	22	2
Total	1 772	10
Settled within 12 months	1 772	10
Total	1 772	10

Settlement is usually made within 30 days. The contribution payable to the Brooke Street Development Corporation is expected to be fully paid before 30 June 2015.

7.2 Employee benefits

	2014	2013
	\$'000	\$'000
Accrued salaries	37	-
Annual leave	82	37
Long service leave	204	88
Total	323	125
Settled within 12 months	118	53
Settled in more than 12 months	205	72
Total	323	125

7.3 Other liabilities

	2014	2013
	\$'000	\$'000
Other liabilities		
Employee benefits – on-costs	-	1
Total	-	1
Settled in more than 12 months	-	1
Total	-	1

Note 8 Commitments and Contingencies

8.1 Schedule of Commitments

	2014	2013
	\$'000	\$'000
By type		
<i>Lease commitments</i>		
Operating Leases	53	16
<i>Total lease commitments</i>	53	16
<i>Other commitments</i>		
Leasehold Improvements	-	483
<i>Total other commitments</i>	-	483
Total	53	499
By maturity		
<i>Operating lease commitments</i>		
One year or less	26	9
From one to five years	27	7
<i>Total lease commitments</i>	53	16
<i>Other commitments</i>		
One year or less	-	483
<i>Total other commitments</i>	-	483
Total	53	499

The Operating Lease commitments include motor vehicles and information technology equipment leases. All amounts shown are inclusive of GST.

8.2 Contingent Assets and Liabilities

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

Note 9 Reserves

9.1 Reserves

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

2013	Brooke Street Pier Project Reserve	Macquarie Point Project Reserve	Total
	\$'000	\$'000	\$'000
Balance at 4 March 2013	-	-	-
Transfer from Accumulated Surplus			
Grant revenue	5 000	45 000	50 000
Additions - Property, plant and equipment	-	(137)	(137)
Project expenditure	(178)	(943)	(1 121)
Carrying amount at 30 June	4 822	43 919	48 741

a) Nature and purpose of reserves

The Corporation was established to deliver the outcomes of the Project Agreement – to remediate the Macquarie Point site and to redevelop the Brooke Street Pier. A Commonwealth Government grant of \$50 million was provided to assist in meeting these objectives. This funding was divided between the two projects, whereby \$5 million must be contributed to the Brooke Street Pier Project and the balance for the Macquarie Point Project.

BROOKE STREET PIER PROJECT RESERVE

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

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, innovating and commercially viable development proposals.

Comparative information has been adjusted to reflect the introduction of the reserves in 2014.

Note 10 Cash Flow Reconciliation

10.1 Cash and deposits

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

	2014	2013
	\$'000	\$'000
Cash at bank		
Cash at bank	46 585	50 581
Total	46 585	50 581
Total cash and deposits	46 585	50 581

10.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2014	2013
	\$'000	\$'000
Net result from transactions (net operating balance)	(4 624)	50 620
Depreciation and amortisation	19	-
Decrease (increase) in Receivables	21	(19)
Decrease (increase) in Other assets	2	(19)
Increase (decrease) in Employee benefits	198	125
Increase (decrease) in Payables	1 753	10
Increase (decrease) in Other liabilities	(1)	1
Net cash from (used by) operating activities	(2 632)	50 718

Note 11 Financial Instruments

11.1 Risk exposures

a) Risk management policies

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

- credit risk;
- liquidity risk; and
- market risk.

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

The Board has identified a range of issues related to the anticipated contamination of the Macquarie Point site as a result of the considerable industrial activity that has occurred over many years. Appropriate risk management policies and remediation procedures will be developed once the extent and potential impact of contamination is confirmed within the context of the proposed eventual use of the site.

b) Credit risk exposures

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

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

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

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.

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:

2014**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
Financial liabilities								
Payables	1 772	-	-	-	-	-	1 772	1 772
Total	1 772	-	-	-	-	-	1 772	1 772

2013**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
Financial liabilities								
Payables	10	-	-	-	-	-	10	10
Total	10	-	-	-	-	-	10	10

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 were:

	2014	2013
	\$'000	\$'000
Fixed rate instruments		
Financial assets	(2)	19
Financial liabilities	(1 772)	(10)
Total	(1 774)	9
Variable rate instruments		
Cash at Bank	46 585	50 581
Total	46 585	50 581

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

Sensitivity Analysis of the Corporation's Exposure to Possible Changes in Interest Rates				
	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$'000	\$'000	\$'000	\$'000
30 June 2014				
Cash and deposits	466	(466)	466	(466)
Net sensitivity	466	(466)	466	(466)
30 June 2013				
Cash and deposits	506	(506)	506	(506)
Net sensitivity	506	(506)	506	(506)

This analysis assumes all other variables remain constant.

11.2 Categories of Financial Assets and Liabilities

	2014	2013
	\$'000	\$'000
Financial assets		
Cash and deposits	46 585	50,581
Loans and receivables	(2)	19
Total	46 583	50,600
Financial liabilities		
Financial liabilities measured at amortised cost	1 772	10
Total	1 772	10



Independent Auditor's Report

To Members of the Tasmanian Parliament

Macquarie Point Development Corporation

Financial Report for the Year Ended 30 June 2014

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 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the chairman and director of the Corporation.

Auditor's Opinion

In my opinion the Corporation's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014 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

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and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

Independence

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

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

Tasmanian Audit Office



H M Blake
AUDITOR-GENERAL

HOBART
8 September 2014

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