

ANNUAL REPORT 2017/2018



Macquarie Point
Development Corporation



The Hon Peter Gutwein MP
Minister for State Growth
15 Murray Street
HOBART TAS 7000

18 October 2018

Dear Minister

We have the pleasure in submitting the Macquarie Point Development Corporation's Annual Report for the year ended 30 June 2018.

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 Parliament.

Yours sincerely



Brian scullin
Chair



Kerry adby
Director
Chair – Audit and Risk Committee

VIII

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Hobart Railway Station in 1915.
Photo credit: Colin Dennison

At just over nine hectares, Mac Point adjoins the Hobart docks and waterfront and sits adjacent to the Regatta Grounds, the Cenotaph and the Queens Domain.

Mac Point is one of the nation's last remaining vacant urban renewal sites adjacent to a working port on the edge of a capital city's CBD. It's a redevelopment which will deliver an extraordinary precinct for Tasmanians and all Australians.

The site has played a varied and colourful part in Hobart's history. The area was home to the Muwinina band of the South East Tribe and evidence of their activity has been found in the site's surrounds. Mac Point has a long history of use associated with early European settlement, including defence, sanitation, transport and industry such as the Hobart gasworks. Until 2014, the site was predominantly used as a railyards and freight handling depot. The redevelopment of Mac Point presents an unprecedented opportunity to create an innovative and dynamic art, cultural and science precinct.





WELCOME

It's a pleasure to present the Macquarie Point Development Corporation (Corporation) Annual Report 2017–18 as this has been a significant year in the site's evolution.

The reset has drawn from the Mona vision and chartered a course for the initial 9.3 hectare site which has shown that it continues to be embraced.

As Board Chair, I am excited about what has been achieved so far through initial activation and working in partnership with other Tasmanian iconic entities such as the Tasmanian Museum and Art Gallery, a number of community organisations such as She Shreds female skateboard crew, Reconciliation Tasmania and importantly the Tasmanian community.

It has set up the Corporation and the site to prosper in the next financial year.

I commend my fellow Directors who have once again demonstrated their commitment to the Corporation, the site and Tasmania in discharging their duties and assisting the Corporation team.

This is an opportunity to thank them and I know that the Board looks forward to guiding the Corporation as it continues to move forward.

A handwritten signature in black ink, appearing to read 'Brian Scullin'. The signature is stylized and fluid, with a prominent 'B' and 'S'.

Brian Scullin
Chair



Image: The Macquarie Point vision 2050 was created by MONA



VIII

The financial year 2017–18 saw the Mac Point site move ahead in its evolution and set the stage for a number of significant place making works to be progressed for the next financial year.

The Mona vision continued to guide the Corporation business from the perspective of interim place making through to the requirements for permanent development.

This vision continues to be supported by the Tasmanian Government and provides a key link during the transition from the previous Minister for State Growth, Matthew Groom to the current Minister, Peter Gutwein and during the March State election.

The Corporation places on record its appreciation to both Ministers and their support of the Corporation during the last financial year.

The Mac Point site turned a corner during this financial year with a concerted and targeted approach to increase tenancies on site for activation. In addition, by using the site assets, including the hard stand, it ensured the commercial revenue covered the majority of the Corporation's administration costs. Thereby, quarantining the remainder of the Intergovernmental Agreement funding for remediation and redevelopment.

This approach saw a 200 per cent increase in tenancies across the site with the previous vacant ground floor

of the Mac Point offices fully tenanted, compounds to support various construction and developments across the CBD such as the Hedberg and the Royal Hobart Hospital plus new tenancies in Red Square and on the hard stand.

After the October completion of the Cold Store demolition works, the Corporation conducted a Registration of Interest for innovative pop ups in the art, design, cultural and tourism sectors. A proponent was awarded through a selection panel process, with design and leasing negotiations being conducted through the rest of the financial year.

At the end of November 2017, Knight Frank, on behalf of the Corporation, closed an Expression of Interest for the SeaRoad Shed to test the market for a five year tenancy. Leasing negotiations are continuing with the successful proponent.

The Goods Shed continued to be popular with a number of events being held.

The Corporation also took the opportunity to support innovative events such as Ginuary, Tasmania's first ever gin festival. This built on the Corporation's approach taken in February 2017 to bring the Goods Shed alive through events and use.

Due to its enduring popularity the Corporation started the work required for Stage 2 of the refurbishment of the shed with the commissioning of the design brief to upgrade the shed's services and increase its amenities thereby cutting costs for event organisers.

Other development work included budgets and consultancies required to

support the rollout of 12 minor work programs, such as the Edible Precinct and the cycleway to activate and set the footprint for permanent development across the 9.3 hectare site in the new financial year. In addition, remediation continued in line with the two year work program set by AECOM and the Corporation.

Community engagement continues to be a priority for the Corporation, with a key group being the Tasmanian Aboriginal community. In line with the commitment to support and engage in the discussion on truth and reconciliation, the Corporation commenced its monthly Conversations @ Mac Point (CAMP) for Reconciliation in March. These free lunch time events have proven to be extremely popular with the community with attendees increasing at each CAMP. The Corporation wishes to thank Bill Lawson, Fiona Hughes, Dr Greg Lehman, Rodney Dillion, Ruth Langford and Ryk Goddard for supporting CAMP by speaking and publicising this important forum.

In June, the Corporation took part in Monash University's federally funded three year Representation, Remembrance and Memorial project where Mac Point was used as a case study during the international forum in Melbourne.

To ensure that the Corporation continues to meet reconciliation milestones, work commenced on developing the Corporation's inaugural Reconciliation Action Plan which will set the commitments for the

Corporation to meet over the next three years.

In line with the importance of the Antarctic and Science Precinct as a permanent development for the site, the Corporation launched the Mac Point precinct during the 60th anniversary of the Scientific Committee on Antarctic Research to 3,000 scientists at the conference in Davos, Switzerland and across the world's scientific hubs. The pursuit of this important development as part of the City Deal continued to be a priority project of the Corporation during this financial year.

Furthermore, the Corporation participated in the Commonwealth Joint Standing Committee on the Nation's Capital and External Territories Inquiry into the Adequacy of Australia's Infrastructure Assets in Antarctica via submission, public hearings and hosting a site tour during November 2017. An inquiry report handed down in June recommended Hobart should be Australia's Antarctic science hub and suggested the CSIRO, CCAMLR, the Tasmanian Polar Network, parts of the Bureau of Meteorology, and components of the Australian Antarctic Division be co-located at Mac Point's proposed Antarctic Precinct.

As part of the Corporation's good corporate citizen commitment, a number of community and not-for-profit groups were supported with in-kind sponsorship. She Shreds is an excellent example of this, an all-girl skating crew from the ages of five years upwards has access to the back of the Goods Shed for a safe and all

weather venue to support and teach girls how to skate.

The financial year was about drawing a line in the sand of the site's history, reengaging the community and repositioning it to move forward.

I want to take this opportunity to thank my fellow Directors, in particular my Chair Brian Scullin, who have continued to support and lead the Corporation through a period of achievement.

Also, I place on record my acknowledgement of former members of the Corporation team for their work during the first half of the financial year.

I congratulate and commend the new team who have been outstanding in their commitment to the vision, the projects and importantly, to the community and stakeholders who are fundamental to this site being successful – without them, this year's achievements would not be possible.

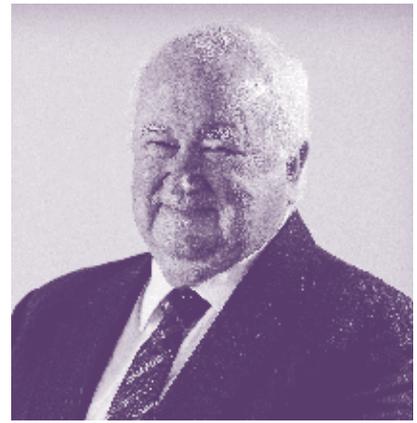


Mary Massina
CEO



The Corporation is overseen by a Board of Directors, one of who is the Chief Executive Officer.

The Audit and Risk 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.



Brian Scullin
Chair

Brian's early career was working for the Australian Government. His executive career between 1987 and 2002 saw him appointed inaugural Executive Director of the Association of Superannuation Funds of Australia and Executive Vice President, Funds Management. This role involved responsibility for all non-investment functions including legal, compliance, operations, technology, marketing and human resources. From 1997 Brian became President, Japan Bankers Trust Company Limited and following a takeover by Deutsche Bank Brian was made Regional Head of Asia/Pacific, Deutsche Asset Management. Brian retired in 2002 and has since held a number of non-executive and industry positions including Chair of Spark Infrastructure and President of the Retirement Benefits Fund in Tasmania. Currently, he is a Director of OAK Possability disability services, Chair of FuneralVest, Chair of Hastings Funds Management, Director of Tasplan Super Fund and Chair of the Tasmanian Development Board.



Kerry Adby
LLM, FAICD, TFASFA

Kerry has almost 30 years' experience with large development and infrastructure projects in a range of sectors in 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 in Australia, Asia and Africa. Kerry has been appointed inaugural chair of the Superannuation Commission, which will oversee the administration of the Tasmanian public sector defined benefit scheme from March 2017. She is a board member of the Tasmanian Retirement Benefits Fund and the London Pension Funds Authority. Her breadth of experience and skill set covers strategy, governance, audit and risk management, major project financing, capital markets and infrastructure.



Penny Morris AM
BArch (Hons), MEnv
Sci, Dip CD, FAIA
FAICD

Penny 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.



Hadley Sides
BEcon (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.



Kim Evans

Kim has been a Head of Agency in Tasmania for over 20 years and was appointed Secretary of the Department of State Growth in September 2014, where he works closely with the Office of the Coordinator-General and Infrastructure Tasmania. He has previously represented the Tasmanian Government on several state and national boards and committees including the Tasmanian Institute of Agriculture, the Institute of Marine and Antarctic Studies and Tasmanian Irrigation.



Mary Massina CEO

Prior to taking charge of the Macquarie Point Development Corporation, Mary headed up the Property Council of Australia, Tasmanian branch. She chaired the Planning Reform Taskforce, which helped develop Australia's first single statewide planning scheme. Over her career Mary has earned a reputation as an influential and experienced business lobbyist. She has carved out a career across the public, private and community sectors, as well as within the political sphere. Mary has driven nation leading reforms and spearheaded some of Tasmania's most successful campaigns in planning, taxation, health, disability care and infrastructure funding. Mary has sat on many boards and taskgroups. Mary has a rare ability to mesh policy and politics to deliver measurable results. Mary was appointed interim CEO of Mac Point in January 2017, and made permanent in July that year.

The 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.

Board attendance

Board of Directors Meetings

Name	Held	Attended
M.Ryan*	1	1
B Scullin	6	6
M.Massina	6	6
H.Sides	6	6
P.Morris AM	6	6
K.Adby	6	6
K.Evans*	4	4

*Mark Ryan's term on the Board ended in August 2017

*Kim Evans joined the Board in December 2017

Audit & Risk Committee attendance:

Name	Held	Attended
H.Sides	4	4
P.Morris AM	4	3
K.Adby	4	4

Code of conduct

The 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

In facilitating the redevelopment of Mac Point, and delivering the first stage of the reset vision, the Corporation will assess all future development proposals on their capacity to:

- contribute to the vision developed by Mona and deliver quantifiable economic, social, environmental and aesthetic benefits to 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 Corporation will aim to ensure that high-quality development proposals are adopted, and the developments are underpinned by strong due diligence and the requisite oversight.



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 Mac Point site.



Sustainability:

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



Image: Ogoh-Ogoh, The Burning, Dark Park.
Photo credit: Dark Mofo, Jesse Hunniford

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The new vision for Mac Point puts front and centre uses that showcase Tasmania’s strengths – arts, culture, design, tourism and science.



Listening to feedback from the community and key stakeholders, in late 2016 the Tasmanian Government engaged with the Mona team to realise a new vision for the site.

The Tasmanian Government put forward the bold reset vision for Mac Point, which fulfilled the brief to maximize public spaces and cement the project as a national landmark. The reset vision is a 30-year development horizon for Mac Point extending beyond the current footprint and incorporating a Truth and Reconciliation Art Park. The vision was overwhelmingly embraced by the wider Tasmanian community and stakeholders.

The vision encourages cultural and public spaces to sit alongside land uses which could include a conference centre, hotels, retail and an Antarctic and Science Precinct. Mac Point is an ideal location for scientific research to complement our Antarctic and oceanic research links and support Tasmania’s status as

Australia’s Antarctic gateway. Tourism developments, such as the Antarctic-themed eco-tourism project Eden Hobart, may also form part of the reset.

Under the new plan the area will be developed to include 50 per cent public space, as well as exhibition space, commercial space, cultural space, accommodation, tourism infrastructure and ultimately, genuine waterfront development.

Since the Corporation was established, its major focus has been on the remediation of the site and planning for what is a very bright future for one of the last great inner-capital city redevelopment projects. With the remediation work well underway the Corporation is now preparing to move into the investment and redevelopment phase of the project.

There are a range of projects underway at Mac Point that will energise the site whilst furthering the site’s purpose of science, art, culture and tourism.



In 2017-2018 the Corporation continued to implement its revised Site Remediation Strategy which is now fit-for-purpose for the reset masterplan.

The 'Total Fluid Extraction' (TFE) method of remediation continued in the past year to the former roundhouse refuelling area and the historic bulk fuel storage area adjacent to the SeaRoad Shed which had been identified as the key 'hot spots' across the site.

Works in these two areas are essentially complete, with minimal quantities of contaminant being collected through the TFE. This enabled the TFE system to stop operating in November 2017. Investigations will be ongoing to verify the extent of remediation achievement through continued sampling of groundwater. The results, including the environmental risk assessment and groundwater modelling previously undertaken, will inform the case to the Environmental Auditor that these areas have

been cleaned up to the extent practical (CUTEP – a remediation industry objective) for formal sign off.

The Goods Shed zone (Audit Area 1) was identified as the first of the seven Audit Areas to focus on obtaining independent Environmental Auditor sign-off. This saw the Corporation's consultants preparing an Ecological Risk Assessment (ERA) for Audit Area 1 and a Clean-Up to the Extent Practicable (CUTEP) report for submission to the Auditor.

With the Corporation progressing a number of development projects on site, it sought fee proposals from its consultants to progress detailed soil investigations across the remaining areas, excluding Audit Area 6, the former Cold Store site, including the preparation of ERA's for submission to the Environmental Auditor in 2019.



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Mac Point is a site which fosters arts and culture, innovation and inspiration, nourishment and growth, action and energy. But most importantly, it is a place for everyone.



The Corporation recognises the importance of community ownership and pride in Mac Point and that one of the best catalysts for that connection is through place based activities and opening the space to the public to experience in a variety of ways. Therefore, during development, the Corporation is encouraging all Tasmanians to enjoy the site through a range of activation and interim uses. This financial year, the site has hosted a huge variety of successful events and festivals.

These include:

- Award winning Aussie singer-songwriter Tash Sultana played to a crowd of more than 1000 in the SeaRoads Shed.
- In July TARTS, the University of Tasmania Arts Society, hosted a dress-up party in Red Square.
- Reconciliation Tasmania was launched in the Goods Shed by the Tasmanian Governor and Premier on 9 August, the UN's Day of the World's Indigenous Peoples.

A crowd of 700 people from a wide cross-section of the community, including school students, attended the launch the historic event which saw representatives from both the Tasmanian Aboriginal Centre and the Tasmanian Regional Aboriginal Communities Alliance speak on the same stage for the first time in many years.

- DRILL youth dance group performed a run of dates of their production Cold Omens in the SeaRoad Shed in October.
- Foundational Mac Point tenant the Hobart Brewing Co held its annual Hoptoberfest which spread out into Red Square as people flocked to sample their famous craft beers.
- Vandemonian Touring continued their series of gigs in the Goods Shed with popular electronic act What So Not.



- The inaugural Creative Island two day event Undisciplined took place in venues across Hobart in October including Hobart Brewing Co and Red Square.
- Tasmanian's largest outdoor leisure expo Leisurefest was held in SeaRoads Shed in October drawing a huge crowd of about 10,000 people over the three days of the event.
- Lovers of active wear spent up big at the Lorna Jane fashion warehouse sale over a weekend in early November in the SeaRoads Shed.
- Also in November the Tasmanian Theatre Company performed Jekyll & Hyde in the Goods Shed.
- To finish the year the Goods Shed hosted Release: an exhibition of art, music, food and wine. Boutique, award-winning wine maker Small Island Wine's launch event transformed the shed into a creative hub.

- 2018 started with a bang as Australian dance music trio PNAU performed a New Year's Day show as part of their 'Go Bang' national tour.
- An Australia Day music festival 'Dirty Beats Tazzie Treats' was headlined by Cut Copy in the SeaRoads Shed.
- Also in January, Tasmania's first every gin festival, Ginuary, filled the Goods Shed on a hot summer's day. The inaugural, sold out event saw 1100 people sampling gin from about 20 distilleries from around Tasmania. With the support of the Corporation, Tasmanian university student Courtney Quinn-McCabe was able to put on the event which she intends to grow and develop for next year.
- Red Square hosted the Tasmanian Symphony Orchestra once again in February for their annual Live Sessions event which grows in popularity every year and saw more than 300 people in attendance this time.

- Over summer interim helicopter landings took place on site to facilitate the arrival and departure of tour groups, visiting journalists and VIPs.
- Hobart Brewing Co's Blues, Brews and BBQ event took over Red Square in March showcasing the best Tassie beers and beverages and a low and slow bbq competition for meat lovers.
- Tasmania's favourite punk rockers Luca Brasi played to a huge crowd in the Goods Shed on Good Friday eve.
- French festival Fete de la Musique featured all things French such as music and food, as well as, boules and other activities. It drew more than 200 people to Red Square in early June.
- The site was once again transformed into Park Dark for the Dark Mofo winter festival in June. More than 100,000 people visited during the festival with the entire site transformed by the installation of pop-up whisky bars and the Terrapin Theatre Company in the Goods Shed, food venue in Red Square and other art installation featuring lasers and fire throughout the site, including in the SeaRoads Shed. The burning of the ogah-ogah on the final night of the festival drew a crowd of 10,000 people.

VIII

This financial year saw a dramatic 200 per cent increase in tenancies across the site. This is not only beneficial for activation and site visitation but also assists with the Corporation's bottom line and financial sustainability going forward. Tenants now on site include:



- **Hobart Brewing Co**, craft brewery and live music venue
- **Eye Am Hair**, boutique salon in a copper caravan
- **McVilly**, bike hire and cafe
- **AJL Training**, motorbike and truck driver training
- **Metro Tasmania**, a layover for the state's largest bus operator
- **Heritage Horse Drawn Carriages**, horse and cart tours of historic Hobart
- **Segway Tasmania**, tours on motorised stand up vehicles
- **Reconciliation Tasmania**, promoting the ongoing culture and history of the Tasmanian Aboriginal people with the broader community
- **Surf Life Saving Tasmania**, responsible for beach safety in Tasmania
- **Hansen Yuncken**, assisting with construction of the Hedberg
- **Scaffold Logistics**, assisting with storage for the rebuild of the Royal Hobart Hospital
- **DJ Motors**, storage of cars following the flooding of their showroom
- **Brighton Australia**, assisting with the construction of the Royal Hobart Hospital



The Corporation has undertaken a number of in-kind sponsorships of community and not-for-profit groups.

It is important that the Corporation sets an example as a good corporate citizen as well as it underpinning the need to activate the site through a variety of events and uses.

Sponsorships usually take the form of in-kind venue hire in exchange for use of the Corporation's logo on promotional material. Organisations the Corporation has sponsored include:

- **She Shreds** all girl skate crew runs skateboarding sessions after school and on the weekends, they use the annex section of the Goods Shed as their base and wet weather contingency.

- **DRILL Theatre Co** used the Goods Shed for the filming of a youth dance video in August
- **Rosny College** used the Goods Shed for a movie shoot on bullying
- **Reconciliation Tasmania** used the end of the Goods Shed for their launch
- **The Tasmania Light Horsemen** used hard stand at Mac Point and the SeaRoads Shed as a marshalling area on ANZAC Day

The Corporation also partnered with major events such as Dark Mofo and the TSO, offering in-kind venue hire in exchange for acknowledgement and promotion of Mac Point.



VIEW

The Corporation has been pro-actively engaging with more than 300 key stakeholders to provide the opportunity to discuss and have input into Mac Point and the vision for the site. This consultation is vital to enhancing community ownership and commitment to the redevelopment.



The Corporation has worked closely with TasWater, TasRail and TasPorts as adjacent landowners to ensure support for the reset vision and transparency as the redevelopment progresses. The Wastewater Treatment Plant working group, which includes key members of the Corporation and TasWater, meets regularly to discuss future options for the plant.

The Mac Point/Hobart City Council working group with the GM, CEO and key staff members of each organisation meets every six weeks to discuss planning, development applications and other matters arising.

The Corporation continues to work closely with surrounding businesses and residents holding bi-monthly tenant and neighbour meetings to share information about upcoming events and activities, works

on site and provides a platform for general discussion about neighbourhood issues as well as updating on Corporation's activities and events.

The Corporation has also engaged in a number of presentations, meetings, events and functions to ensure a wide understanding of the site's development opportunities. Presentations to various groups have included the University of the Third Age, an Institute of Public Administration Australia forum, various Rotary and Probus clubs, a UTAS business and economics graduation ceremony and a Skal Hobart tourism body luncheon. The CEO also made presentations to a number of different boards including the TSO, Tasmanian Museum and Art Gallery, Royal Tasmanian Botanical Gardens and Metro Tasmania.

A fundamentally important element of the consultation process has been building a respectful, inclusive and equitable relationship with Tasmania's Aboriginal community and discussions around the Truth and Reconciliation Art Park. The Corporation has travelled across the state to consult with the Aboriginal community, groups, individuals and Elders.

In January, then Prime Minister Malcolm Turnbull and Federal Minister for Urban Infrastructure and Cities Paul Fletcher visited the site to sign a Heads of Agreement for a Hobart City Deal, the centrepiece of which will be an Antarctic and Science Precinct at Mac Point.





Goods Shed:

A program of works to improve the amenity and usefulness of the Goods Shed has been developed by the Corporation and its Consultant Architect Shane Mann. These works include improved electrical infrastructure, maintenance to access doors and windows, further improvements to disability access, construction of an amenities block to reduce need for large events to bring in their own toilet facilities and refurbishment of the front section of the shed to create a large meeting/conference space for additional hiring opportunities for the Corporation.

Cycleway:

The Corporation engaged Pitt and Sherry consulting to begin the design phase of the planned new cycleway through the site. Consultation occurred with key stakeholders, including the Hobart City Council Bike Advisory Committee to consider a range of options for the best route through the Corporation's land. Particular consideration has also been given in the design to ensure that the planned bike and pedestrian path does not impact on the planned Light Rail transit route through the site. The current design provides for two paths connecting with the end of McVilly Drive through to Evans Street with a future connection to Davey Street.



Edible Precinct: Red Square Expansion:

The Corporation engaged the services of Angus Stewart and Tino Carnevale of Gardening Australia, soil specialist Dr Simon Leake and Aboriginal horticulturalist Kris Schaffer to begin the design process and provide strategic vision for the development of an edible precinct across the Mac Point site as a core element of the long-term landscaping for the site. Key principles included a flexible design to allow for interim uses and future reconfiguration to accommodate permanent development on site. Initial planning began for the creation of a garden where bush foods sit alongside European and introduced species to begin to tell the story of reconciliation. The edible precinct will sit adjacent to the Long House on the former Cold Store site and the separate development of spaces. These areas will be used by community groups and local business for future community gardens and will be integrated into the Red Square expansion project and form the landscaping for the cycleway and interim pop-up park.

The existing car park entrance was designed to be relocated between the Hobart Brewing Company and the SeaRoads Shed site to improve pedestrian safety and to enable the Corporation to further develop Red Square and expand it through to the Goods Shed. Planning is underway to allow for a number of additional containerised businesses to operate out of the expanded area and increase the range of food, beverage and recreational facilities to increase the vibrancy and attractiveness of the area.

Cold Store site activation – Long.House:

The Corporation issued a Registration for Proposals in late 2017 seeking interest for an interim development to be located on the former Cold Store site. Following the assessment of the proposals, the Corporation engaged with Core Collective Architects to undertake the design of the Long.House. This development is for a multipurpose shed enclosing a range of business, ranging from a performing arts and start-up business hub for the local Aboriginal community, a pop-up restaurant and commercial office space for professional offices.



The Audit and Risk 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, as well as, its external accountabilities.

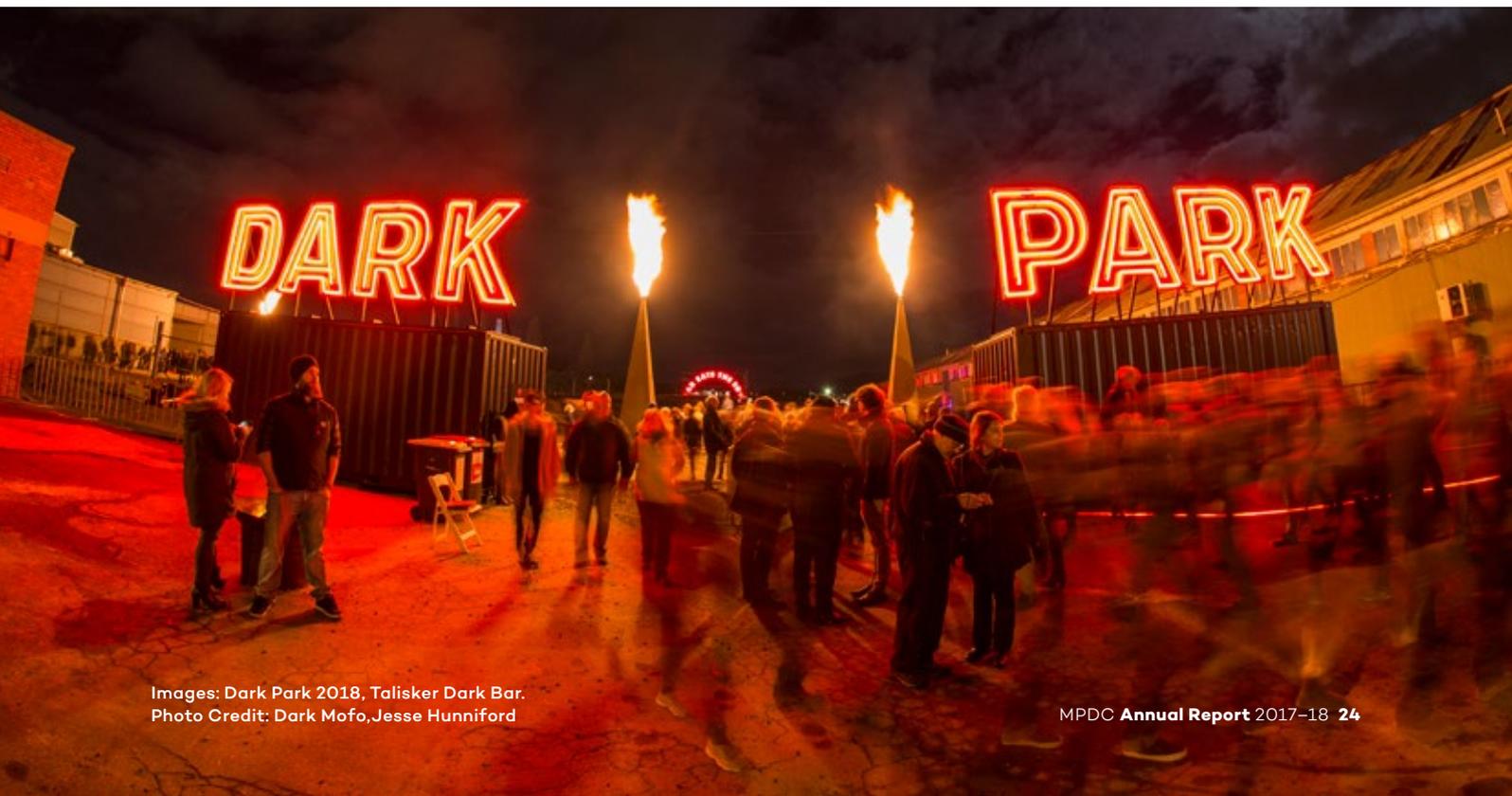
During 2017–2018 Committee membership comprised Directors Kerry Adby (Chair), Hadley Sides, Penny Morris AM. Minutes of the Committee meetings are presented to the following meeting of the full Board for consideration and adoption. The CEO, the COO and the Corporation's internal auditors are invited 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 2017–2018 financial year, the Committee met on four occasions to consider business such as:

- compliance with Treasurer's Instructions and procurement processes;
- a review of the Corporation's strategic internal audit plan for FY18 and FY19;
- a review of the Corporation's strategic risk profile;
- a review of the Corporation's delegation, investment and asset capitalisation policies;
- a review of the Corporation's finance and accounting functions;
- a review of the Corporation's insurance coverage;
- a review of the Corporation's Strategic Infrastructure Strategy report;
- a review of the Corporation's Site Valuation;
- consideration of the 2017 annual financial statements; and
- consideration of the 2018 annual external audit timetable.

The internal audit function undertaken by KPMG provides an independent appraisal service to management, the Audit and Risk 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; and
- reporting on whether the Corporation's resources are being effectively and efficiently managed to achieve its objectives; and monitoring fraud control and prevention mechanisms.



Images: Dark Park 2018, Talisker Dark Bar.
Photo Credit: Dark Mofo, Jesse Hunniford

WHS

The Corporation complies with the Work Health and Safety Act 2012 and AS/NZS 4801:2001 Occupational health and safety management systems – specifications with guidance for use. The Corporation acknowledges the importance of a preventable approach to work health and safety and is firmly committed to providing, as far as practicable, a safe and healthy work environment for the Corporation's employees and contractors.

A desk top review of the Corporation's WHS management contractor management system was undertaken in early 2018 to assess the appropriateness of the system and a number of refinements were incorporated to ensure the system is kept current and adequately responds to the varied nature of interim activity on site. Regular staff training and a culture of continuous systems improvement will ensure the site is managed in a safe and appropriate manner.

Management

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

Right To Information

The Corporation has a legal duty to respond to requests for information in accordance with the *Right to Information Act 2009* (the RTI Act).

The RTI Act:

- authorises and encourages disclosure of information without the need for formal requests or applications;
- gives members of the public an enforceable right to information; and
- provides that access to information is restricted only in the limited circumstances defined in the RTI Act.

During the 2017-18 financial year the Corporation had no applications for assessed disclosure for information under the RTI Act.

A full statistical return is provided to the Department of Justice, which publishes a comprehensive annual report on the operation of the RTI Act. This report is available from the Department of Justice website.

The Corporation is committed to routinely publishing information covering a broad range of categories.

Organisational Chart



Public disclosure

The purpose of the *Public Interest Disclosures Act 2000* (the PID Act) is to encourage and facilitate the making of disclosures about the improper conduct of public officers or public bodies. The PID Act provides protection to persons who make disclosures in accordance with the PID Act, and establishes a system by which the matters disclosed can be investigated and action to rectify any deficiencies taken.

The Corporation is committed to the aims and objectives of the PID Act. It does not tolerate improper conduct or detrimental action by the Corporation or its members, officers or employees.

The Corporation has not received any disclosures either directly or indirectly referred via the Ombudsman in the year to 30 June 2017.

Integrity commission

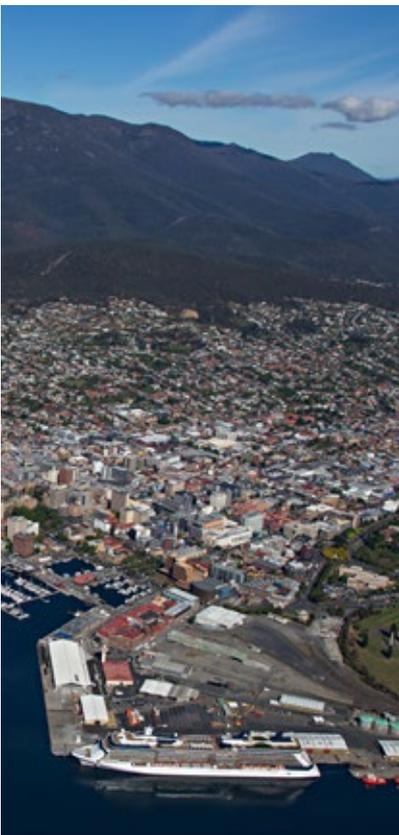
The Integrity Commission is an independent body established by the *Integrity Commission Act 2009* (the IC Act). The three primary objectives of the Integrity Commission are to:

- improve the standard of conduct, propriety and ethics in public authorities in Tasmania;
- enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with;
- enhance the quality of, and commitment to ethical conduct by adopting a strong, educative, preventative and advisory role.

The Corporation is committed to upholding the aims and objectives of the IC Act. It strives to ensure that staff meet the highest standards of conduct and receive ongoing training in relation to ethical conduct in accordance with section 32 of the IC Act. To that end, Corporation staff undertook training on February 9 and the Board on February 21.

VIII

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



To deliver on the Corporation’s objectives, specialised technical advice and services are required. However, the Corporation aims to maximise the opportunity for local business participation in all its procurement processes and encourages all non-Tasmanian businesses to partner and/or collaborate with a Tasmanian supplier.

Table 1 provides a summary of the level of participation by local businesses for four contracts, tenders and/or quotation with a value of \$50 000 or over (excluding GST) that the Corporation awarded in 2017/2018. Tables 2 and 3 provide detailed information on contracts with a value of \$50 000 and over (excluding GST) for contractors and consultancies.

Table 4 lists contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Treasurer’s Instruction 1114, and Table 5 provides a summary of the procurements for which an exemption from the requirement to disaggregate has been approved.

The required exemption approvals for the former Cold Store demolition and the remediation consultancy extension were provided in the 2016/2017 Financial year.

The Corporation engaged three consultants in 2017/2018 with a value of \$50 000 and over (excluding GST). One contract was extended in accordance with Treasurer’s Instruction 1115 as outlined in Table 6.

Table 1 \$50,000 or over (ex GST)

Procurement process 2017–2018	
Number of contracts awarded	4
Total number of contracts awarded to Tasmanian businesses	4
Total value of contracts awarded	\$699,663
Total value of contracts awarded to Tasmanian businesses	\$699,663
Total number of tenders called and/or quotation processes run	3
Total number of bids and/or written quotations received	10
Total number of bids and/or written quotations received from Tasmanian businesses	9

Table 2 Major Contracts Issued excl consultancies

Contractor	Location	Description of Contract	Period of Contract	Total Value
Reardon Demolition	Mornington, Tasmania	Cold store demolition and rail removal	20 July 2017 to 30 November 2017	\$356,000
Andrew Walter Constructions	Granton, Tasmania	Evans street car park stage 2 project	22 May 2018 to 21 June 2018	\$123,738

Table 3 Major Consultancy Contracts Issued

Contractor	Location	Description of Contract	Period of Contract	Total Value
Pitt & Sherry	Hobart, Tasmania	Cycleway design and contract administration	2 February 2018 to 1 February 2020	\$124,000
Shane Mann & Associates	Hobart, Tasmania	Goods shed refurbishment design and project management services	24 May 2018 to 31 January 2019	\$95,925

Table 4 Contracts awarded as a result of direct/limited submission TI1114

Contractor	Location	Description of Contract	Period of Contract	Total Value
None to Report				

Table 5 Exemptions from Requirement to disaggregate

Date of exemption	Description of contract	Value of aggregated contract	Period
None to Report			

Table 6 Contracts Extended TI1115

Contractor	Location	Description of Contract	Period of Contract	Total Value
AECOM Australia Pty Ltd	Hobart, Tasmania	Remediation Services	23 May 2018 – 30 June 2019	\$401,900



FINANCIAL STATEMENTS

For the Financial Year ending 30 June 2018





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Certification of Financial Statements

The accompanying financial statements of the Macquarie Point Development Corporation (Corporation) are in agreement with the relevant accounts and records and have been prepared in compliance with:

- Australian Accounting Standards; and
- Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* and the *Macquarie Point Development Corporation Act 2012*.

Having made reasonable inquiries, we believe that, in all material respects, the financial statements present a view which is consistent with my understanding of the Corporation's financial position as at 30 June 2018 and its cash flows for the year then ended.

At the date of signing of this certificate, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Brian Scullin
CHAIR

Mary Massina
DIRECTOR

29 August 2018



Statement of Comprehensive Income for the year ended 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Continuing operations			
Revenue and other income from transactions			
Sales of goods and services	1.1	1,072	621
Interest	1.2	767	905
Total revenue and other income from transactions		1,839	1,526
Expenses from transactions			
Employee benefits	2.1	1,430	1,151
Depreciation and amortisation	2.2	362	297
Supplies and consumables	2.3	476	427
Contributions provided	2.4	93	-
Macquarie Point project	2.5	689	3,034
Other expenses	2.6	122	140
Total expenses from transactions		3,172	5,049
Net result from transactions (net operating balance)		(1,333)	(3,523)
Net result		(1,333)	(3,523)
Comprehensive result		(1,333)	(3,523)

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



Statement of Financial Position

as at 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
Assets			
Financial assets			
Cash and deposits	6.1	28,420	29,871
Receivables	3.1	517	573
Non-financial assets			
Inventories	3.2	8,135	7,369
Property, plant and equipment	3.3	1,360	1,649
Intangibles	3.4	-	105
Other assets	3.5	74	61
Total assets		38,506	39,628
Liabilities			
Payables	4.1	501	311
Employee benefits	4.2	265	244
Total liabilities		766	555
Net assets		37,740	39,073
Equity			
Accumulated funds		37,740	39,073
Total equity		37,740	39,073

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



Statement of Cash Flows for the year ended 30 June 2018

	NOTES	2018 \$'000	2017 \$'000
		Inflows	Inflows
Cash flows from operating activities		(Outflows	(Outflows
Receipts from customers and other sources		1,171	1,251
Interest received		825	612
Employee benefits		(1,408)	(1,186)
Supplies and consumables		(424)	(629)
Contributions provided		(93)	-
Other cash payments		(789)	(3,099)
Net cash used by operating activities	6.2	(718)	(3,051)
Cash flows from investing activities			
Payments for acquisition of non-financial assets		(733)	(3,032)
Net cash used by investing activities		(733)	(3,032)
Net decrease in cash held and cash equivalents		(1,451)	(6,083)
Cash and deposits at the beginning of the reporting period		29,871	35,954
Cash and deposits at the end of the reporting period	6.1	28,420	29,871

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 2018

	Accumulated Funds \$'000	Total Equity \$'000
Balance as at 1 July 2017	39,073	39,073
Total comprehensive result	(1,333)	(1,333)
Balance as at 30 June 2018	37,740	37,740
Balance as at 1 July 2016	42,597	42,597
Total comprehensive result	(3,523)	(3,523)
Balance as at 30 June 2017	39,073	39,073

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 2018

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Note 1: 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.

1.1 Sales of 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.

	2018 \$'000	2017 \$'000
Leasing revenue	430	142
Car parking revenue	642	479
Total	1,072	621

1.2 Interest

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

	2018 \$'000	2017 \$'000
Interest	767	905
Total	767	905



Note 2: 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.

2.1 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.

A) Employee Expenses

	2018 \$'000	2017 \$'000
Wages and salaries	1,296	984
Superannuation – defined benefit scheme	10	20
Superannuation – contribution schemes	106	110
Other employee expenses	18	37
Total	1,430	1,151

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 is 12.95 per cent (2017: 12.85 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.5 per cent (2017: 9.5 per cent) of salary. In addition, the Corporation is also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.45 per cent (2017: 3.35 per cent) of salary in respect of employees who are members of the contribution schemes.



Note 2: Expenses from Transactions continued

B) Remuneration of key management personnel

		Short-term benefits		Long-term benefits			
2018	Position held	Salary	Other Benefits	Super-annuation	Other benefits & long service leave	Termination benefits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel – Executive							
Mary Massina	Chief Executive Officer	211	26	22	21	-	280
Greg Cooper	Chief Operations Officer (from 11 December 2017)	71	18	9	1	-	99
Scott Parnham	Chief Financial Officer (to 10 December 2017)	61	12	6	1	-	80
Peter Sheldon-Collins	General Manager, Planning & Infrastructure (to 10 November 2017)	57	(4)	15	(58)	154	164
Key management personnel – Directors							
Brian Scullin	Chair (from 13 August 2017)	39	-	4	-	-	43
Mark Ryan	Chair (to 12 August 2017)	6	-	1	-	-	7
Kerry Adby	Director	24	-	2	-	-	26
Hadley Sides	Director	24	-	2	-	-	26
Penny Morris AM	Director	26	-	-	-	-	26
Kim Evans	Director (from 19 December 2017)	-	-	-	-	-	-
Total key management personnel remuneration		517	51	61	(35)	154	750

Other short-term benefits include movements in annual leave provisions, allowances and any FBT related costs

Other long-term benefits and long service leave include movements in long service leave provisions



Note 2: Expenses from Transactions continued

2017	Position held	Short-term benefits		Long-term benefits			Total
		Salary	Other Benefits	Super-annuation	Other benefits & long service leave	Termination benefits	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel – Executive							
Elizabeth Jack	Chief Executive Officer (to 16 December 2016)	82	19	11	-	-	112
Mary Massina	Interim Chief Executive Officer (from 16 January 2017)	86	-	8	6	-	100
Scott Parnham	Chief Financial Officer	123	25	13	4	-	165
Peter Sheldon-Collins	General Manager, Planning & Infrastructure	139	12	14	4	-	169
Joshua Bradshaw	Manager Strategic Communications (to 8 February 2017)	61	8	7	-	-	76
Daniel Robinson	General Manager, Development (19 September 2016 to 27 April 2017)	84	7	8	-	-	99
Key management personnel – Directors							
Mark Ryan	Chair	41	-	4	-	-	45
Kerry Adby	Director	23	-	2	-	-	25
Hadley Sides	Director	23	-	2	-	-	25
Penny Morris AM	Director	23	-	2	-	-	25
Greg Woolley	Director (to 7 December 2016)	11	-	1	-	-	12
Brian Scullin	Director (from 14 February 2017)	9	-	1	-	-	10
Total key management personnel remuneration		705	71	73	14	-	863

Other short-term benefits include movements in annual leave provisions, allowances and any FBT related costs

Other long-term benefits and long service leave include movements in long service leave provisions



Note 2: 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 2017–18 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 and superannuation obligations.

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.

C) Related Party Transactions

There are no material related party transactions requiring disclosure.

2.2 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.

Key estimate and judgement

During 2018 the Corporation conducted a review of the estimated useful lives of its assets. As a result, effective 1 May 2018, the Corporation changed its estimates of the useful life of leasehold improvements to better reflect the estimated period in which these assets are to remain in service; in accordance with the established Vision Reset for the site. Therefore the leasehold improvements, which

the Corporation had previously depreciated over a 25-year life, is now expected to remain in use for 10 years. The effect of this change in estimate was to increase 2018 depreciation expense by \$16,000.

Depreciation is provided on a straight-line basis, using rates which are reviewed annually in accordance with published development visions & plans. Major depreciation periods are:

- Building improvements **10 years**
- Software amortisation **4 years**
- Site security fencing **10 years**
- Goods Shed improvements **20 years**
- Car park and red square precinct **4.5 years**

	2018 \$'000	2017 \$'000
Leasehold improvements depreciation	56	37
Software amortisation	105	105
Site security fencing	17	17
Good shed improvements	27	7
Car park and red square precinct	157	131
Total	362	297



Note 2: Expenses from Transactions continued

2.3 Supplies and consumables

	2018 \$'000	2017 \$'000
Property services	134	97
Recruitment costs	(5)	59
Information technology	49	56
Other supplies and consumables	79	53
Communications	21	37
Consultants and Contracted Services	107	29
Advertising and promotion	17	24
Travel and transport	9	21
Operating lease	10	20
Insurance	30	19
Audit fees	25	12
Total	476	427

2.4 Contributions provided

	2018 \$'000	2017 \$'000
Dark Park Sponsorship	80	-
RR.Memorial Forum	10	-
Community events	3	-
Total	93	-



Note 2: Expenses from Transactions continued

2.5 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 costs where the transaction does not meet the definition of an asset, are also expensed.

	2018 \$'000	2017 \$'000
Wastewater Treatment Plant decommissioning and relocation design project	23	1,073
Reclassification of expenses previously capitalised	-	1,166
Project consultations and travel	311	431
Site repairs and maintenance	282	133
Other costs	25	126
Database hosting and maintenance	-	29
Rates and insurances	44	42
Marketing expenses	4	34
Total	689	3,034

2.6 Other Expenses

	2018 \$'000	2017 \$'000
Royal Engineers Building operational costs	26	18
Red Square site costs	19	60
Other expenses	9	15
Car parking management fee	49	40
Salary on costs	19	7
Total	122	140



Note 3: 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.

3.1 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.

	2018 \$'000	2017 \$'000
Trade Receivables	47	32
Tax Assets	19	42
Accrued interest revenue	404	461
Accrued car parking revenue	47	38
Total	517	573
Settled within 12 months	517	573
Total	517	573

3.2 Inventories

Inventories comprise of remediation and redevelopment expenditure and the Cold Store. These costs add to the land value and will maximise the potential sales revenue once the land is sold at a future date.

	2018 \$'000	2017 \$'000
Land improvements – WIP (Remediation)	4,414	4,115
Land improvements – WIP (Infrastructure)	1,328	1,250
Cold Store	2,394	2,004
Total	8,135	7,369
Consumed in more than 12 months	8,135	7,369
Total	8,135	7,369



Note 3: Assets continued

Reconciliation of movements

	Remediation \$'000	Infrastructure \$'000	Cold Store \$'000	Total \$'000
Carrying Value at 1 July	4,115	1,250	2,004	7,369
Additions	299	78	390	766
Carrying amount at 30 June	4,414	1,328	2,394	8,135

In December 2016, the Tasmanian Government engaged with Mona to realise a new vision for the Macquarie Point site and directed the Corporation to develop a revised development plan based on the Mona vision. The carrying value of inventory of \$8,135 million (2017: \$7,369 million) is based on the assumption that the revised development plan will be approved substantially in the form submitted. The approval outcome is expected to occur during the 2019 financial year.

The Corporation's Asset Capitalisation Policy requires expenditure to be recognised as an asset when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

In recognising expenditure as Inventory – Land Improvements Work In Progress transactions must comply with criteria defined by the Australian Accounting Standard AASB 102 *Inventories*.

To satisfy the requirements of AASB 102 the Corporation must:

1. demonstrate the items are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or rendering of services, and
2. hold inventory at the lower of cost and net realisable value (NRV). NRV is the estimated selling price less costs of completion and costs necessary to make the sale based on the most reliable evidence at the time.

The first requirement has been satisfied with reference to section 8 of the *Macquarie Point Development Corporation Act 2012* (Act), in which the transfer of the Macquarie Point land from the Crown to the Corporation is contemplated during the 2019 financial year. Secondly, an impairment test has been conducted to confirm that the carrying value of the WIP is less than the net realisable value from future land sales. (If the carrying value is higher than the recoverable amount, an asset impairment must be recorded.) At 30 June 2018, the carrying value of the WIP assets was \$8,135 million (2017: \$7.369 million). The Macquarie Point site was most recently assessed at a value of \$35.5 million. The Act prescribes a \$nil consideration for the transfer of the site to the Corporation. As both requirements are met, no impairment of assets is required and the expenditure can continue to be classified as inventory held at cost.

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 was paid on 30 September 2016. The building was demolished in late 2017 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



Note 3: Assets continued

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 beside:

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.

3.3 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).



Note 3: Assets continued

A) Carrying amount

	2018 \$'000	2017 \$'000
Public Open Space		
At cost	708	706
Less: Accumulated amortisation	(450)	(294)
Work in progress (at cost)	-	18
Total	258	430
Leasehold improvements		
At cost	1,092	1,092
Less: Accumulated amortisation	(266)	(210)
Work in progress (at cost)	-	-
Total	826	882
Building improvements		
At cost	190	190
Less: Accumulated amortisation	(34)	(7)
Work in progress (at cost)	-	15
Total	156	198
Equipment		
At cost	169	238
Less: Accumulated amortisation	(49)	(33)
Expensed to Macquarie Point Project	-	(66)
Total	119	139
Total property, plant and equipment	1,360	1,649

B) Reconciliation of movements

2018	Public Open Space \$'000	Leasehold Improv- ements \$'000	Building Improv- ements \$'000	Equipment \$'000	Total \$'000
Carrying Value at 1 July	430	882	198	139	1,649
Transfer of asset class 1	-	-	-	-	-
Transfer of asset class 2	-	-	-	-	-
Additions	2	-	-	-	2
Work in progress (at cost)	-	-	-	-	-
Depreciation and amortisation	(156)	(56)	(27)	(16)	(255)
Write back of depreciation	-	-	-	-	-
Macquarie Point Project Expense	(18)	-	(15)	(3)	(36)
Carrying amount at 30 June	258	826	156	119	1,360



Note 3: Assets continued

2017	Public Open Space \$'000	Leasehold Improvements \$'000	Building Improvements \$'000	Equipment \$'000	Total \$'000
Carrying Value at 1 July	-	519	644	208	1,371
Transfer of asset class 1	519	(519)	-	-	-
Transfer of asset class 2	-	644	(644)	-	-
Additions	25	275	190	14	504
Work in progress (at cost)	18	-	15	-	33
Depreciation and amortisation	(132)	(37)	(7)	(17)	(193)
Macquarie Point Project Expense	-	-	-	(66)	(66)
Carrying amount at 30 June	430	882	198	139	1,649

Positive movement in depreciation and amortisation have arisen following revaluation of the estimated useful lives in accordance with note 2.2.

3.4 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.

A) Carrying amount

	2018 \$'000	2017 \$'000
Intangibles with a finite useful life		
Software at cost	419	419
Less: Accumulated amortisation	(419)	(314)
Total	-	105

B) Reconciliation of movements

	2018 \$'000	2017 \$'000
Carrying Value at 1 July	105	210
Additions	-	-
Depreciation and amortisation	(105)	(105)
Carrying amount at 30 June	-	105



Note 3: Assets continued

3.5 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.

A) Carrying amount

	2018 \$'000	2017 \$'000
Other assets		
Prepayments	74	61
Total	74	61
Settled within 12 months	74	61
Total	74	61



Note 4: 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.

4.1 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.

	2018 \$'000	2017 \$'000
Creditors	411	261
Accrued expenses	90	50
Total	501	311
Settled within 12 months	501	311
Total	501	311

Settlement is usually made within 30 days.



Note 4: Liabilities continued

4.2 Employee benefits

Key estimate and judgement

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.

	2018 \$'000	2017 \$'000
Other assets		
Accrued salaries	10	10
Annual leave	102	70
Long service leave	154	164
Total	265	244
Settled within 12 months	160	158
Settled in more than 12 months	105	86
Total	265	244

4.3 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.

Key estimate and judgement

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.



Note 5: Commitments and Contingencies

5.1 Schedule of Commitments

	2018 \$'000	2017 \$'000
By type		
Capital commitments		
Property, plant and equipment	-	-
Inventories	156	-
Total capital commitments	156	-
Lease commitments		
Operating leases	4	21
Total lease commitments	4	21
Other commitments		
Site remediation	567	-
Site activation	82	-
Site maintenance	10	12
Total other commitments	659	12
Total	819	33
By maturity		
Capital commitments		
One year or less	156	-
From one to five years	-	-
Total capital commitments	156	-
Operating lease commitments (photocopy and motor vehicles)		
One year or less	4	14
From one to five years	-	7
Total lease commitments	4	21
Other commitments		
One year or less	443	-
From one to five years	215	12
Total other commitments	659	12
Total	819	33

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

5.2 Contingent Assets and Liabilities

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



Note 6: Cash Flow Reconciliation

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.

6.1 Cash and deposits

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

	2018 \$'000	2017 \$'000
Cash at bank		
Cash at bank	920	871
Total	920	871
Cash held in term deposits		
Term Deposits	27,500	29,000
Total	27,500	29,000
Total cash and deposits	28,420	29,871

6.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2018 \$'000	2017 \$'000
Net result from transactions (net operating balance)	(1,333)	(3,523)
Depreciation and amortisation	362	297
Decrease (increase) in receivables	56	(66)
Decrease (increase) in other assets	(14)	(34)
Increase (decrease) in employee benefits	21	(35)
Increase (decrease) in payables	190	310
Net cash used by operating activities	(718)	(3,051)



Note 7: Financial Instruments

7.1 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 have been developed within the context of the proposed eventual use of the site.

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 7 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.

b) 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.



Note 7: 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:

2018

Maturity analysis for financial liabilities

2018	1 Year \$'000	2 Year \$'000	3 Year \$'000	4 Year \$'000	5 Year \$'000	More than 5 Year \$'000	Undis- -counted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	501	-	-	-	-	-	501	501
Total	501	-	-	-	-	-	501	501

2017

Financial liabilities								
Payables	311	-	-	-	-	-	311	311
Total	311	-	-	-	-	-	311	311

c) 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:

	2018 \$'000	2017 \$'000
Fixed rate instruments		
Financial assets	517	573
Financial liabilities	(501)	(311)
Total	16	262
Variable rate instruments		
Cash at bank	28,420	29,871
Total	28,420	29,871



Note 7: Financial Instruments continued

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

Sensitivity Analysis of the Corporation's Exposure to Possible Changes in Interest Rates

	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2018				
Cash and deposits	284	(284)	284	(284)
Net sensitivity	284	(284)	284	(284)
30 June 2017				
Cash and deposits	298	(298)	298	(298)
Net sensitivity	298	(298)	298	(298)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis in the prior year.

7.2 Categories of Financial Assets and Liabilities

	2018 \$'000	2017 \$'000
Financial assets		
Cash and deposits	28,420	29,871
Loans and receivables	517	573
Total	28,937	30,444
Financial Liabilities		
Financial liabilities measured at amortised cost	501	311
Total	501	311



Note 8: 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 2018.



Note 9: Other Significant Accounting Policies and Judgements

9.1 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 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.

The Corporation took responsibility for site operations in September 2014, when it entered into a lease with the Minister for Infrastructure.

Title over Macquarie Point is held by the Crown and is expected to be transferred to the Corporation during the 2019 financial year.

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
- 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.

In December 2016, the Tasmanian Government engaged with Mona to realise a new vision for the site and directing the Corporation to:

- develop a revised development plan based on the Mona vision
- develop a detailed action plan for the first stage of the revised development plan
- develop a works plan for the decommissioning and removal of the Macquarie Point waste water treatment plan
- develop a comprehensive communication and stakeholder engagement plan for the reset
- review the resourcing requirements to deliver the first stage of the revised development plan.

9.2 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 Macquarie Point Development Act 2012*, which includes the requirement to comply with Treasurer's instructions issued under the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the Corporation Directors on 29 August 2018.

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.

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.



Note 9: Other Significant Accounting Policies and Judgements continued

9.3 Reporting Entity

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

9.4 Functional and Presentation Currency

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

9.5 Changes in Accounting Policies

a) Impact of new and revised Accounting Standards

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

- 2016 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 – The objective of this Standard is to amend AASB 107 Statement of Cash Flows to require entities preparing statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes. This Standard applies to annual periods beginning on or after 1 January 2017. The impact is increased disclosure of financial activities in relation to cash flows and non cash changes. There is no material impact.
- 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. There is no material impact on the Corporation's reporting.

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* and 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – the objective of these Standards is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. The financial impact is expected to be immaterial.
- 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 15 is applied. The financial impact is expected to be immaterial.
- 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15 - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods beginning on or after 1 January 2018.



Note 9: Other Significant Accounting Policies and Judgements continued

The impact is enhanced disclosure in relation to revenue. The financial impact is expected to be immaterial.

- **AASB 16 Leases** – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to leases. Due to significant uncertainty regarding the transfer of title to the Corporation, the financial impact of this Standard cannot currently be reliably quantified.
- **AASB 1058 Income of Not for Profit Entities** – The objective of this Standard is to establish principles for not for profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not for profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not for profit entities. The financial impact is expected to be immaterial.

9.6 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.

9.7 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.

9.8 Taxation

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

9.9 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.



Independent Auditor's Report

To the Members of Parliament

Macquarie Point Development Corporation

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Macquarie Point Development Corporation (the Corporation) which comprises the statement of financial position as at 30 June 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the directors.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Corporation's financial position as at 30 June 2018 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Macquarie Point Development Corporation Act 2012* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further 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.

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

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Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Inventories <i>Refer to note 3.2</i>	
Inventories, \$8.14m, comprised the cold store in Evans Street and expenditure on remediation and redevelopment. Expenditure on land improvements is designed to add value to maximise potential sales revenue when sold.	<ul style="list-style-type: none">• Evaluating the obsolescence of inventories and challenging the appropriateness of the valuation approach and the key assumptions used by management.• Verification of the movements in inventory.• Assessing the adequacy of relevant disclosures in the financial report.
Inventory is recorded at the lower of cost or net realisable value based on the revised development plan of the Mona vision. Significant judgement was used in the application of inventory measurement principles and the assessment of the inventory obsolescence.	

Responsibilities of the Directors for the Financial Report

The directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Macquarie Point Development Corporation Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ric De Santi
Deputy Auditor General
Delegate of the Auditor-General

Tasmanian Audit Office

30 August 2018
Hobart

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