



Macquarie Point
Development Corporation

ANNUAL REPORT 2016–2017



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ABOUT MACQUARIE POINT

Macquarie Point is one of the nation's last remaining vacant urban infill sites adjacent to a working port on the edge of a capital city's CBD. It's a development 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.



AT JUST OVER NINE HECTARES,
MACQUARIE POINT ADJOINS THE HOBART
DOCKS AND WATERFRONT AND SITS
ADJACENT TO THE REGATTA GROUNDS,
THE CENOTAPH AND THE QUEENS DOMAIN.

Macquarie Point has a long history of use associated with early European settlement, including defence, sanitation, industry, including the Hobart gasworks and transport. Until recently, the site was predominantly used as a railyards and freight handling depot. The development of Macquarie Point presents an unprecedented opportunity to create an innovative and dynamic mixed-use precinct.



ABOUT THE MACQUARIE POINT DEVELOPMENT CORPORATION



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

be the most effective vehicle to deliver the objectives of the agreement and to oversee the remediation and redevelopment of the site. Since its establishment, the corporation's focus has been on planning and preparatory works associated with a range of remediation and development issues.

Above:
Macquarie Point site,
Alistair Bett

Far left:
TSO Live Sessions,
Red Square,
Hobart Brewing
Company

Far right:
Colin Dennison
photo collection



GOVERNANCE AND LEADERSHIP

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LETTER TO THE MINISTER FOR STATE GROWTH

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

Dear Minister

We have the pleasure in submitting the Macquarie Point Development Corporation's Annual Report for the year ended 30 June 2017.

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

12 October 2017



I LOOK FORWARD TO A NEW ERA AT THE CORPORATION AS IT TAKES ON A CHALLENGING BUT EXCITING NEW PHASE IN ITS EVOLUTION.

It's with pleasure that I present the Macquarie Point Development Corporation's Annual Report 2016-2017. It was highlighted in last year's Annual Report by former Chair, Mark Ryan, that the corporation had contracted Mona to develop a unique set of ideas for the artistic curation of public open spaces on site. Mr Ryan stated this had the real potential to deliver game-changing outcomes. This was quite prophetic, as in December 2016, the development of Macquarie Point was reset by the Tasmanian Government in line with the vision envisaged by Mona.

The Mona reset, while encompassing more than the 9.3 hectares that the corporation currently has responsibility for, is visionary and has far-reaching consequences. Once realised it will cement Tasmania's place globally as a centre of excellence in the Antarctic and science sector as well as nationally as a site for truth and reconciliation. The Government's bold step in accepting the reset has reengaged the Tasmanian community in seeing the potential of the site, allowed the corporation to move forward in resetting all the key stakeholder relationships, as well as addressing key development issues the site currently faces.

While I have only been on the board since February, I have been impressed with the commitment that my fellow directors have shown in supporting the Government's reset and assisting the corporation team in refocusing of activities during this new phase.

I take this opportunity to thank them, particularly former Chair Mark Ryan, as well as the staff for their efforts during this year and I look forward to a new era at the corporation as it takes on a challenging but exciting new phase in its evolution.

Brian Scullin
Chair



community to ensure that the support and good faith in the reset vision is maintained and grown. Over the past nine months, the corporation has thrown open the gates, encouraging Tasmanians to work with the team, use the site and provide an important conduit for ongoing discussion on the nature and the rollout of development.

A fundamentally important element of the reset is the Antarctic and Science Precinct. The corporation has, as a key performance indicator, the substantial commencement of stage one of the precinct over the next five years. At a federal and state government level major inroads are being made working through the possible future tenants for this landmark precinct. It is important from the corporation's perspective that the opportunity for the precinct to be the southern hemisphere, indeed global, centre of excellence for Antarctic and science research is prioritised and achieved.

Consultation with the Aboriginal community has a crucial role in the realisation of the Truth and Reconciliation Art Park as the first of three cultural developments, the other two being the Aboriginal Heritage Centre and the Centre for Living Culture builds. The corporation thanks the Aboriginal Elders, the community groups, councils and individuals for working with us on what will be a nationally significant development. The equity and respect which has been demonstrated highlights the true potential of this relationship.

Interim site activation is bringing the site to life. The Goods Shed and the SeaRoads Shed have only been recently put on the event market but are already largely booked out for 2017 and clearly demonstrate what the site can and will offer to the Tasmanian community.

The joint project between the corporation and the Hobart City Council on the creation of the River to Cove Cycleway is an exciting element in linking the site through to Glenorchy and beyond, as well as connecting the site to Sullivans Cove and Salamanca Place for the first time in decades.

A brownfield industrial site is being revitalized into a strategic link and a vibrant precinct. It is the intention of the corporation to pursue all opportunities to better link the site through strategic transport infrastructure with a public transport focus.

I want to take the opportunity to acknowledge my fellow directors, the former Chair Mark Ryan, Penny Morris, Kerry Adby, Hadley Sides and Brian Scullin. They have led the corporation through a significant period of cultural change with a high level of respect, commitment and integrity. During the last nine months, I have valued their advice and support as we have enacted the reset vision. Also, the corporation staff must be acknowledged for embracing the cultural change, showing commitment and energy in resetting the site and the business.

Mary Massina
Chief Executive Officer

OUR BOARD

THE CORPORATION IS OVERSEEN BY A BOARD OF DIRECTORS, ONE OF WHOM 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. MEMBERSHIP COMPRISED KERRY ADBY (COMMITTEE CHAIR), MARK RYAN, HADLEY SIDES, PENNY MORRIS, GREG WOOLLEY AND BRIAN SCULLIN.

Chair – Brian Scullin

BEcon

Brian was appointed in early 2017, bringing with him a wealth of experience to the board and an extensive background across government and the banking and investment sectors. His impressive international career included a role as president of Japan Bankers Trust Company Limited and regional head of Asia/Pacific at Deutsche Bank. Brian's early career was working for the Australian Government. His executive career in superannuation and financial services between 1987 and 2002 saw him appointed inaugural Executive Director of the Association of Superannuation Funds of Australia. Brian holds a range of directorships including not-for-profit disability sector provider OAK Possability and Tasplan Super Fund, and is also chair of the Tasmanian Development Board.

CEO – Mary Massina

BA (Hons)

An influential and experienced business lobbyist, Mary has carved out a unique career across the public, private and community sectors, as well as within the political sphere. Over the past decade Mary has worked in influential roles in the property industry and Government. She was responsible for key reforms in the areas of water and sewerage, tax, heritage and planning; and most recently led the Planning Reform Taskforce in creating Australia's first statewide single planning scheme. She has a strong background in delivering outcomes for Tasmanians and was named by both The Mercury newspaper and Crickey.com as one of Tasmania's most influential people. In January 2017, Mary took on the role of Interim CEO in and was made permanent in July 2017.

Kerry Adby

LLM, FAICD, TFASFA

Kerry has almost 30 years' experience with large development and infrastructure projects in a range of sectors inside Australia and overseas. A senior investment banker and commercial lawyer, Kerry is currently the Managing Director of Copernican Securities Pty Ltd, a specialist consultancy providing corporate and strategic advisory services across Australia and Asia. Her breadth of experience and skill set covers strategy, governance, audit and risk management, major project financing, capital markets and infrastructure.



OUR BOARD CONTINUED

Penny Morris AM

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

B Econ (Hons), GAICD

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

BOARD / COMMITTEE MEETINGS AND ATTENDANCE

	Board of Directors meetings		Audit and Risk committee meetings	
	Number held	Number attended	Number held	Number attended
M Ryan +	9	9	1	1
E Jack	5	5	–	–
K Adby +	9	9	4	4
P Morris +	9	9	4	4
H Sides +	9	8	4	4
G Woolley +	4	3	1	1
M Massina	4	4	–	–
B Scullin +	3	3	1	1

+ Audit and Risk committee member

Greg Woolley appointed Director 23 May 2016; resigned 7 Dec 2016

Mary Massina appointed Interim CEO 14 Jan 2017

Mark Ryan's term as Chair was completed 12 Aug 2017

Brian Scullin appointed Director 6 Feb 2017

Elizabeth Jack resigned 8 Dec 2016

Brian Scullin appointed Chair 13 Aug 2017

CODE OF CONDUCT

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

STATEMENT OF INTENT

In facilitating the redevelopment of Macquarie 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
- 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.

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

COMMUNITY

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

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

SUSTAINABILITY

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

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

CONNECTIVITY

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

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





DELIVERY

MEETING OUR STRATEGIC OBJECTIVES
2016-2017

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VISION RESET

“OUR VISION IS FOR A UNIFIED CULTURAL PRECINCT WITH A RANGE OF ATTRACTORS ACROSS THE FIELDS OF ART, CULTURE, TOURISM AND SCIENCE. AT THE HEART OF THE PROJECT IS A RECONCILIATION ART PARK THAT RESONATES INTERNATIONALLY.”

Dark Mofo director, Leigh Carmichael



Above:
Macquarie Point site,
Richard Bennett

Right:
Dark Park,
Dark Mofo /
Lusy Productions

Listening to feedback from the community and key stakeholders, in December 2016 the Tasmanian Government engaged with the Mona team to realise a new vision for the site. The Government put forward the bold reset vision for Macquarie Point.

The Mona reset is a 30-year development horizon for Macquarie Point extending beyond the current footprint, focusing on the development of an arts and cultural precinct and a nationally significant Truth and Reconciliation Art Park. The plan fulfils the brief to maximise public spaces and cement the project as a national landmark. The reset was overwhelmingly embraced by the wider Tasmanian community and stakeholders. It also provides the corporation the opportunity to address the current planning restrictions.

Macquarie Point is an ideal location for scientific research to complement Tasmania's Antarctic and oceanic research links. The site offers an outstanding opportunity not only to secure the future of Antarctic and climate change science in Tasmania, but also to build an incubator for Australian scientific innovation in Tasmania's capital city. Tourism developments, such as the Antarctic-themed eco-tourism project Eden Hobart, may also form part of the reset.

The reset has at its heart a Truth and Reconciliation Art Park, acknowledging Australia's history of colonial warfare. The notion and design were conceptualised working closely with Aboriginal elder and writer, Greg Lehman and other stakeholders. The proposed Reconciliation Park is one of the elements focused on Aboriginal history and living culture. The others are a Tasmanian Aboriginal Heritage Centre and Tasmanian Centre for Living Culture.

The vision encourages cultural and public spaces to sit alongside land uses which could include an exhibition space, commercial space, music bowl, conference centre, tourism infrastructure, hotels and an Antarctic precinct. The corporation will be prioritising development adjacent to Evans Street in clusters around the existing infrastructure on the site, such as the historic Goods Shed.

Tasmania's former Minister for State Growth, Matthew Groom said at the time the reset was announced: "Under the new plan the Government wants to see the area developed to include public space, exhibition space, commercial space, cultural space, conference facilities, accommodation, facilities to support our status as Australia's Antarctic gateway, tourism infrastructure and ultimately, genuine waterfront development. The first stage will focus on the development of public space. In essence, public space will become part of the catalyst that will create the demand for further development on the site."

“MONA HAS IDENTIFIED A WAY TO ADVANCE RECONCILIATION IN DEVELOPING MACQUARIE POINT AND THE GOVERNMENT WILL SEEK THE VIEWS OF ABORIGINAL TASMANIANS ABOUT THIS PROPOSAL.”

Tasmanian Premier Will Hodgman

“THE NEW VISION PRESENTS AN EXTRAORDINARY OPPORTUNITY FOR TASMANIA.”

Former Minister for State Growth Hon Matthew Groom MP

“BY PROVIDING A PUBLIC SPACE THAT HONOURS AND RESPECTS ABORIGINAL PEOPLE AND THEIR CULTURE, WE CAN CREATE A CATALYST FOR CHANGE.”

Aboriginal Elder, Greg Lehman



IN 2016-2017 THE CORPORATION REVISED AND UPDATED ITS SITE REMEDIATION STRATEGY TO ENSURE IT WAS FIT-FOR-PURPOSE AND UNDERPINNED THE RESET MASTERPLAN. THE SITE ENVIRONMENTAL AUDITOR AND THE CORPORATION'S BOARD ENDORSED THE UPDATED STRATEGY.

Right:
Tash Sultana,
SeaRoads Shed,
Andrew Fuller

The strategy's review also provided an opportunity to outline the remediation works underway and to re-establish the remediation priorities, in line with the development program now envisaged for the project's short to medium term goals.

The pilot trials held last year for the Total Fluid Extraction (TFE) method of remediation were successful and the corporation commenced full scale TFE works in the former roundhouse refuelling area and the historic bulk fuel storage area adjacent to the SeaRoads Shed.

When the works in these two areas are complete, investigations will be conducted to verify the extent of remediation achievement. The results, including the environmental risk assessment and groundwater modelling, 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 area investigations are completed and have been submitted to the site environmental auditor for sign-off.

During May 2017, the corporation also worked with Hazell Bros to treat and dispose of almost 150 drums of contaminated soil sampling waste excavated during site investigations. The disposal was conducted in accordance with Environment Protection Authority's policy and regulations.



Macquarie Point is a place for all Tasmanians and visitors alike. The corporation recognises the importance of community ownership and pride in the site 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 Tasmanians to enjoy the site through a range of interim uses. This financial year, the site has hosted a variety of successful events.

- A highlight was the number of high-profile Australian artists performing at Macquarie Point. In November 2016 ARIA award-winning Montaigne played in support of I'ME – a not-for-profit organisation supporting the teenagers. In May 2017 Ruffcut Records ran the 'Heaps Goods Shed Sessions' with acclaimed Australian artists Tash Sultana, Killing Heidi, Dead Letter Circus and Ash Grunwald playing over a week-long event.
- Given Macquarie Point's history as an early barracks and proximity to the Cenotaph, the corporation co-hosted an ANZAC Day event with the Hobart Brewing Company and the Army Museum of Tasmania. The day featured WWI photographic exhibition, 'Six Bob a Day Tourists – Tasmanians in WWI' and entertainment from Triple J unearthed artist Pepper Jane.
- The corporation continues its strong support for the arts, with youth dance company DRILL performing 'Trash this Place' in the Goods Shed, the SeaRoads Shed being used for part of the Salamanca Moves festival along with numerous community art and photographic exhibitions and film shoots. 'The Wizard of Oz' came to Macquarie Point, with the Show Company Tasmania constructing the set for their award-winning production of 'WICKED' in the Goods Shed.



Above:
Red Square,
Village Well

Below left:
Dark Park,
Roland Gataric

Below right:
Goods Shed,
Dark Mofo /
Lusy Productions

- In June 2017 Macquarie Point was again transformed into Dark Park as part of the Dark Mofo festival, with an estimated 108,000 people coming through the gates over a two-week period. The Dark Mofo team took over the site for a month, transforming the site – installing pop-up bars and food venues as well as a Terrapin Theatre Company work in the Goods Shed and installations in the SeaRoads Shed. The centrepiece of Dark Park was UK-based laser art pioneer Chris Levine's work 'iy_project 136.1 Hz' which shot technicolour lasers 10km into Hobart's night sky.
- For the opening of Federal Group's nearby MACq01 hotel, helicopters landed on the Macquarie Point site for the first time, bringing visiting journalists to the waterfront.
- *Red Square* was developed in 2016 as a community space for all ages to enjoy and continues to be popular Hobart destination into 2017. The year saw a broad range of activity in the square, with the Hobart Food Truck

market, Hobart Twilight Market, as well as a one-off live musical performances by the Tasmanian Symphony Orchestra. A range of private and community group functions were also hosted in *Red Square*.

- Longer term interim uses continue on site with the popular Hobart Brewing Company in the Red Shed, Heritage Horse Drawn Carriages behind the SeaRoads Shed, Metro Tasmania using a hardstand for bus layover and the public 250-bay car park managed by Care Park. Surf Lifesaving Tasmania moved to the SeaRoads Shed offices in August 2016.

Goods Shed

Improvements to the shed included the installation of wheelchair access and fire alarms to bring the venue up to Building Code of Australia (BCA) compliance standard. Since then the shed has been used extensively as an events venue hosting everything from bridal fairs to heavy metal concerts. The venue is fast becoming one of Hobart's most sought after events spaces with strong future bookings bringing in revenue for the corporation. The shed's charm is its character, such as the original 1914 Oregon roof beams. Any future refurbishments will remain true to its industrial roots.

Cycleway

The Hobart City Council is working in partnership with the corporation on the River to Cove Cycleway. The aim is to eventually be able to walk or cycle the full length of the Intercity Cycleway from as far away as Mona or Taroona – a pathway currently broken by the site itself. This is the opportunity to complete this network, and for the first time in decades, provide a connection between Sullivans Cove and the Regatta Grounds. It will also create a safer pathway by eliminating the need for cyclists and pedestrians to cross dangerous intersections. But most importantly it will allow people to use the site frequently, engendering a sense of ownership.

THE CREATION OF THE RIVER TO COVE CYCLEWAY IS ABOUT CREATING BETTER PHYSICAL AND VISUAL LINKS TO THE WATER FROM THE CITY.



COMMUNITY CONSULTATION AND STAKEHOLDER ENGAGEMENT



Above:
TSO Live Sessions,
Red Square,
Alastair Bett

Right:
Hello Darkness,
Dark Park,
Roland Gataric

Over the course of the financial year, and in line with the reset, the corporation has fundamentally changed its relationship with the wider community. It now understands engagement and community ownership over the site are a central and vital element of its business. The corporation understands it must go beyond the formal and ordinary consultation processes

Since January 2017, the corporation has been pro-actively engaging with over 200 key stakeholders to provide opportunities for input into the reset vision and enhance community ownership and commitment to the reset.

Since commencing at the corporation, the CEO has met with hundreds of stakeholders, including people from the Aboriginal communities, the Hobart City Council, the University of Tasmania, Mona, the Tasmanian Museum and Art Gallery, the Antarctic and science sectors, the tourism and hospitality sectors, the property industry, the arts and culture sectors, community members, industry and political figures at a state and national level, and continues to engage with a broad range of people across a variety of areas. 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.

In mid-March the corporation hosted a two-day visit to Hobart from founder of the United Kingdom's Eden Project, Sir Tim Smit. The visit included a site tour and discussions around the establishment of Eden Hobart, an Antarctic-themed development based on the successful eco-tourism venture in Cornwall.

In finalising the reset masterplan and the planning scheme amendments, the corporation has increased its consultation across Tasmanian Government agencies, key stakeholders and community groups. A series of 20 briefings for various stakeholder groups was conducted to generate understanding and receive feedback on the planning scheme amendments required to facilitate the reset masterplan.

The corporation continues to work with immediate neighbours, initiating regular monthly meetings with utilities, businesses and nearby residents, informing them of upcoming events and activities on site and providing a platform for general discussion about neighbourhood issues.

Collaboration continues with the Hobart City Council through ongoing working group discussions to investigate opportunities to work together across areas of common interest. In addition, the corporation has worked closely with Hobart City Council planning officers as well as the consultant architect to ensure that issues which arose during the former masterplan process are addressed. Furthermore, the corporation has worked closely with TasWater, TasRail and TasPorts as adjacent landowners to ensure support and understanding of the proposed planning amendments. The Wastewater Treatment Plant Working Group, which includes key members of the corporation and TasWater, continues to meet regularly and discuss future options for the plant.

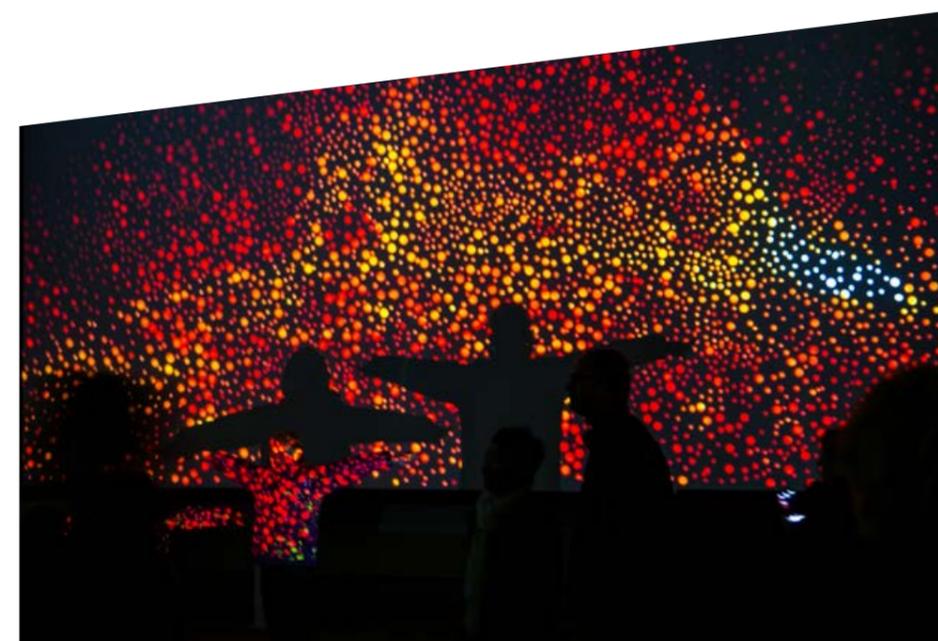
IT IS PARAMOUNT THAT THE ABORIGINAL COMMUNITY LEADS THE DEVELOPMENT OF THE TRUTH AND RECONCILIATION ART PARK, THE CENTRE FOR LIVING CULTURE AND THE ABORIGINAL HERITAGE CENTRE.

Aboriginal consultation

A fundamentally essential element of the consultation process has been the start of a respectful, inclusive and equitable relationship with Tasmania's Aboriginal community. This relationship will go beyond the life of the development of these components. It is the intention to deliver, through the Truth and Reconciliation Art Park, a state and nationally significant landmark. The corporation has travelled across the state to consult with the Aboriginal community, groups, individuals and Elders. Furthermore, the corporation proudly hosted the historic launch of the Reconciliation Council of Tasmania. For the first time in many years representatives from both the Tasmanian Aboriginal Centre and the Tasmanian Regional Aboriginal Communities Alliance

spoke on the same stage. The event had tri-partisan support and was attended by local, State and Federal Government MPs as well as about 700 members of the general public aged from 5 to 80.

The Tasmanian Government's reset of Macquarie Point won overwhelming community support because it presented a landscape for people. It is the corporation's intention to ensure that the consultative processes set in place continues to put Tasmanians at the heart of this development as it works on delivering a once in a generation, nationally significant precinct.



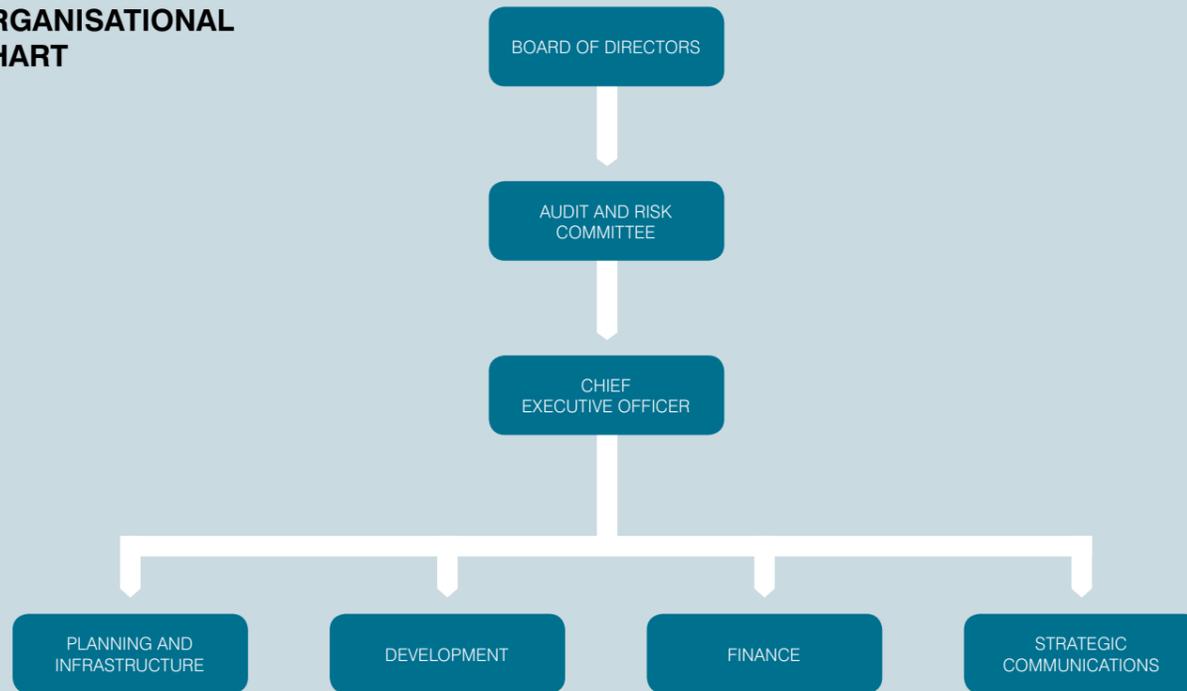


OPERATIONS AND STATUTORY REPORTING

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

ORGANISATIONAL CHART



INTERNAL AUDIT AND RISK MANAGEMENT

The corporation's program of risk management is overseen by the Audit and Risk committee (see below). The corporation's Strategic Internal Audit Plan continues to be reviewed following the implementation of the reset vision, the resultant changing risk environment and planned activities in the years to come.

AUDIT AND RISK COMMITTEE

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, and its external accountabilities.

During 2016-2017 committee membership comprised directors Kerry Adby (chair), Hadley Sides, Penny Morris, Mark Ryan (until 19 October 2016), Greg Woolley (until 19 October 2016) and Brian Scullin (from 17 May 2017). Minutes of the committee meetings are presented to the following meeting of the full board for consideration and adoption. The CEO, the CFO and the corporation's internal auditors are invited to attend each meeting to assist the committee, but they do not have any voting rights. The Auditor-General (or his nominee) attends specific committee meetings to present the external audit plan and the audited financial statements. An opportunity is provided for the committee to meet with the auditors without management at each meeting.

During the 2016-2017 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;
- a review of the corporation's strategic risk profile;
- a review of the corporation's delegation and asset capitalisation policies;
- consideration of the 2016 annual financial statements; and
- consideration of the 2017 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;
- reporting on whether the corporation's resources are being effectively and efficiently managed to achieve its objectives; and monitoring fraud control and prevention mechanisms.

WORK HEALTH AND SAFETY (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 systems is undertaken annually to assess the appropriateness of the system and to assist in the improvement of the site's WHS performance. The corporation has a robust, well-developed and actively managed system in place. Regular staff training and a culture of continuous systems improvement will ensure the site is managed in a safe and appropriate manner. Eight corrective actions were identified and implemented to 30 June 2017.



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 2016-2017 the corporation dealt with one application for assessed disclosure for information under the RTI Act. Information was withheld, in part, in respect of this application.

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. For further information on how the corporation fulfils its obligations under the RTI Act, please visit the corporation's website.

PUBLIC INTEREST DISCLOSURES ACT

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.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE

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

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

Table 1 provides a summary of the level of participation by local businesses for contracts, tenders and/or quotation with a value of \$50 000 or over (excluding GST). 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 corporation engaged three consultants in 2016-2017 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.

**PROCUREMENT AND CONTRACTING
OF TECHNICAL EXPERTISE
CONTINUED**

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

Procurement process 2016-2017	
Number of contracts awarded	4
Total number of contracts awarded to Tasmanian businesses	4
Total value of contracts awarded	\$889 639
Total value of contracts awarded to Tasmanian businesses	\$889 639
Total number of tenders called and/or quotation processes run	1
Total number of bids and/or written quotations received	4
Total number of bids and/or written quotations received from Tasmanian businesses	4

Source: Macquarie Point Development Corporation procurement records

TABLE 2: MAJOR CONTRACTS ISSUED 2016-2017 FOR \$50 000 AND OVER (EXCLUDING GST) AND EXCLUDING CONSULTANCIES

Contractor	Location	Description of contract	Period of contract	Total value
CDC Developments Pty Ltd	Hobart, Tasmania	Goods Shed compliance works	17 Feb 2017 to 16 Feb 2018	\$145 407

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

TABLE 3: CONSULTANCY CONTRACTS WITH A VALUE OF \$50 000 AND OVER (EXCLUDING GST)

Contractor	Location	Description of contract	Period of contract	Total value
GHD Pty Ltd	Hobart, Tasmania	Groundwater modelling services	4 August 2016 to 3 August 2019	\$250 000 (estimate) ¹
Coffey Environments Pty Ltd	Hobart, Tasmania	Accredited environmental auditor services	15 July 2016 to 14 July 2019	\$147 232
AECOM Australia Pty Ltd	Hobart, Tasmania	Remediation services	3 May 2017 to 30 June 2018	\$347 000

Source: Macquarie Point Development Corporation procurement records

1. This is a standing offer contract as the provision of services and the associated costs are on an "as needs" basis to be determined by the environmental conditions and regulatory requirements.

**PROCUREMENT AND CONTRACTING
OF TECHNICAL EXPERTISE
CONTINUED**

TABLE 4: CONTRACTS AWARDED AS A RESULT OF A DIRECT/LIMITED SUBMISSION SOURCING PROCESS APPROVED IN ACCORDANCE WITH TREASURER'S INSTRUCTION 1114

Contractor	Location	Description	Reason for approval	Total value
Coffey Environments Pty Ltd	Hobart, Tasmania	Accredited environmental auditor services	Due to an absence of competition for technical reasons	\$147 232
GHD Pty Ltd	Hobart, Tasmania	Groundwater modelling services	Due to an absence of competition for technical reasons	\$250 000 (estimate) ²

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

2. See footnote 1.

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

Date of exemption	Description of contract	Value of aggregated contract	Period
6 June 2017	Demolition works ³	\$350 000 (estimate)	NA
30 June 2017	Remediation services	\$347 000	3 May 2017 to 30 June 2018

Source: Macquarie Point Development Corporation procurement records

3. This contract was not awarded until July 2017 and will be reported in the 2017-2018 annual report.

TABLE 6: CONTRACTS EXTENDED IN ACCORDANCE WITH TREASURER'S INSTRUCTION 1115

Contractor	Location	Description of contract	Period of contract	Total value
AECOM Australia Pty Ltd	Hobart, Tasmania	Remediation services	3 May 2017 to 30 June 2018	\$347 000

Source: Macquarie Point Development Corporation procurement records



FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
30 JUNE 2017

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
<i>Continuing operations</i>	Notes	\$'000	\$'000
Revenue and other income from transactions			
Sales of goods and services	1.1	621	211
Interest	1.2	905	1 146
Total revenue and other income from transactions		1 526	1 357
Expenses from transactions			
Employee benefits	2.1	1 151	995
Depreciation and amortisation	2.2	297	360
Supplies and consumables	2.3	427	521
Macquarie Point project	2.4	3 034	2 209
Other expenses	2.5	140	102
Total expenses from transactions		5 049	4 187
Net result from transactions (net operating balance)		(3 523)	(2 830)
Net result		(3 523)	(2 830)
Comprehensive result		(3 523)	(2 830)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		2017	2016
	Notes	\$'000	\$'000
Assets			
<i>Financial assets</i>			
Cash and deposits	6.1	29 871	35 954
Receivables	3.1	573	506
<i>Non-financial assets</i>			
Inventories	3.2	7 369	7 284
Property, plant and equipment	3.3	1 649	1 371
Intangibles	3.4	105	210
Other assets	3.5	61	26
Total assets		39 628	45 351
Liabilities			
Payables	4.1	311	2 478
Employee benefits	4.2	244	276
Total liabilities		555	2 754
Net assets		39 073	42 597
Equity			
Accumulated funds		39 073	42 597
Total equity		39 073	42 597

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Receipts from customers and other sources		1 251	904
Interest received		612	1 294
Employee benefits		(1 186)	(992)
Supplies and consumables		(629)	(317)
Other cash payments		(3 099)	(1 582)
Net cash used by operating activities	6.2	(3 051)	(693)
Cash flows from investing activities			
Cash outflows			
Payments for acquisition of non-financial assets		(3 032)	(5 178)
Net cash used by investing activities		(3 032)	(5 178)
Total Cash outflows		(6 083)	(5 178)
Net decrease in cash held and cash equivalents		(6 083)	(5 871)
Cash and deposits at the beginning of the reporting period		35 954	41 825
Cash and deposits at the end of the reporting period	6.1	29 871	35 954

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 2017

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

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 2017**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

	2017	2016
	\$'000	\$'000

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.

Leasing revenue	142	55
Car parking revenue	479	156
Total	621	211

1.2 Interest

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

Interest	905	1 146
Total	905	1 146

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

	2017	2016
	\$'000	\$'000

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

Wages and salaries	984	855
Superannuation – defined benefit scheme	20	18
Superannuation – contribution schemes	110	78
Other employee expenses	37	44
Total	1 151	995

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 12.85 per cent (2016: 12.75 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 (2016: 9.5 per cent) of salary. In addition, the corporation is also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.35 per cent (2016: 3.25 per cent) of salary in respect of employees who are members of the contribution schemes.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2 Expenses from transactions (continued)

b) Remuneration of key management personnel

Position held	Short-term benefits			Long-term benefits		Total
	Salary \$'000	Other benefits \$'000	Super- annuation \$'000	Other benefits and long service leave \$'000	Termination benefits \$'000	
2017						
Key management personnel – Executive						
Elizabeth Jack	82	19	11	-	-	112
Mary Massina	86	0	8	6	-	100
Scott Parnham	123	25	13	4	-	165
Peter Sheldon-Collins	139	12	14	4	-	169
Joshua Bradshaw	61	8	7	-	-	76
Daniel Robinson	84	7	8	-	-	99
Key management personnel – Directors						
Mark Ryan	41	-	4	-	-	45
Kerry Adby	23	-	2	-	-	25
Hadley Sides	23	-	2	-	-	25
Penny Morris	23	-	2	-	-	25
Greg Woolley	11	-	1	-	-	12
Brian Scullin	9	-	1	-	-	10
Total key management personnel remuneration	705	71	73	14	-	863

Other short-term benefits include movements in annual leave provisions and any FBT related costs.
Other long-term benefits and long service leave include movements in long service leave provisions.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2 Expenses from transactions (continued)

b) Remuneration of key management personnel (continued)

Position held	Short-term benefits			Long-term benefits		Total \$'000	
	Salary \$'000	Other benefits \$'000	Super- annuation \$'000	Other benefits and long service leave \$'000	Termination benefits \$'000		
2016							
Key management personnel – Executive							
Elizabeth Jack	Chief Executive Officer	175	31	25	5	-	236
Scott Parnham	Chief Financial Officer	116	25	12	4	-	157
Peter Sheldon-Collins	General Manager, Planning & Infrastructure	131	11	14	5	-	161
Joshua Bradshaw	Manager Strategic Communications (from 3 March 2016)	36	-	4	-	-	40
Key management personnel – Directors							
Mark Ryan	Chair	35	-	4	-	-	39
Kerry Adby	Director	20	-	2	-	-	22
Hadley Sides	Director	20	-	2	-	-	22
Heather Rose	Director (to 23 May 2016)	20	-	2	-	-	22
Greg Woolley	Director (from 23 May 2016)	2	-	0	-	-	2
Penny Morris	Director (from 23 May 2016)	2	-	0	-	-	2
Total key management personnel remuneration		559	67	64	14	-	704

Other short-term benefits include movements in annual leave provisions and any FBT related costs.
Other long-term benefits and long service leave include movements in long service leave provisions.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 2016-17 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 2017 the corporation conducted a review of the estimated useful lives of its assets. Building improvements, which the corporation had previously depreciated over a 10-year life, is now expected to remain in use for 25 years. Likewise, the car park's estimated useful life was extended from two years to 4.5 years.

The effect of these changes on the actual and expected depreciation expense was as follows:

	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	Later \$'000
(Decrease) increase in depreciation expense	(292)	(109)	64	63	(65)	384

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2 Expenses from transactions (continued)

	2017	2016
	\$'000	\$'000

2.2 Depreciation and amortisation (continued)

Depreciation is provided on a straight-line basis, using rates which are reviewed annually. Major depreciation periods are:

- Building improvements 25 years
- Car park 4.5 years
- Intangible assets 4 years

Leasehold improvements	37	77
Software amortisation	105	105
Site security fencing	17	16
Goods Shed improvements	7	-
Car park and Red Square precinct	131	162
Total	297	360

2.3 Supplies and consumables

Property services	97	112
Recruitment costs	59	5
Information technology	56	35
Other supplies and consumables	53	41
Communications	37	32
Consultants and Contracted Services	29	103
Advertising and promotion	24	92
Travel and transport	21	12
Operating lease	20	45
Insurance	19	17
Audit fees	12	27
Total	427	521

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2 Expenses from transactions (continued)

	2017	2016
	\$'000	\$'000

2.4 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.

In December 2016, the Tasmanian Government engaged with Mona to realise a new vision of the Macquarie Point site. The financial impact of the revised development plan resulted in \$1.166 million being reclassified as a Macquarie Point expense in the current year.

Wastewater Treatment Plant decommissioning and relocation design project	1 073	1 446
Reclassification of expenses previously capitalised	1 166	-
Project consultations and travel	431	214
Site repairs and maintenance	133	304
Other costs	126	139
Database hosting and maintenance	29	36
Rates and insurances	42	70
Marketing expenses	34	-
Total	3 034	2 209

2.5 Other expenses

Royal Engineers Building operational costs	18	33
Red Square site costs	60	26
Other expenses	15	21
Car parking management fee	40	16
Salary on-costs	7	6
Total	140	102

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

	2017	2016
	\$'000	\$'000

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.

Trade Receivables	32	-
Tax Assets	42	310
Accrued interest revenue	461	169
Accrued car parking revenue	38	27
Total	573	506
Settled within 12 months	573	506
Total	573	506

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.

Land improvements – WIP (Remediation)	4 115	3 034
Land improvements – WIP (Infrastructure)	1 250	2 222
Cold store	2 004	2 028
Total	7 369	7 284
Consumed in more than 12 months	7 369	7 284
Total	7 369	7 284

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3 Assets (continued)

Reconciliation of movements	Remediation \$'000	Infrastructure \$'000	Cold Store \$'000	Total \$'000
2017				
Carrying value at 1 July	3 034	2 222	2 028	7 284
Additions	1 081	170	-	1 251
Macquarie Point Project expense	-	(1 142)	(24)	(1 166)
Carrying amount at 30 June	4 115	1 250	2 004	7 369

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 \$7.369 million (2016: \$7.284 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 2018 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 2018 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 2017, the carrying value of the WIP assets was \$7.369 million (2016: \$7.284 million). The Tasmanian Valuer-General's most recent assessed value of the Macquarie Point site was \$16.3 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 will be 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3 Assets (continued)

The adjustment of purchase price is calculated based on the net proceeds of sale less the purchase price. As it is now likely that the cost to remediate the former cold store site will exceed the proceeds of sale, no provision has been made to account for a potential deferred consideration.

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

Inventories are assets:

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

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).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3 Assets (continued)

	2017	2016
	\$'000	\$'000
a) Carrying amount		
Public open space		
At cost	706	681
Less: Accumulated amortisation	(294)	(162)
Work in progress (at cost)	18	-
Total	430	519
Leasehold improvements		
At cost	1 092	785
Less: Accumulated amortisation	(210)	(174)
Work in progress (at cost)	-	33
Total	882	644
Building improvements		
At cost	190	-
Less: Accumulated amortisation	(7)	-
Work in progress (at cost)	15	-
Total	198	-
Equipment		
At cost	238	224
Less: Accumulated amortisation	(33)	(16)
Expensed to Macquarie Point Project	(66)	-
Total	139	208
Total property, plant and equipment	1 649	1 371

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3 Assets (continued)

	Public Open Space	Leasehold Improvements	Building Improvements	Equipment	Total
b) Reconciliation of movements	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
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
2016					
Carrying value at 1 July	-	26	689	187	902
Additions	-	655	-	37	692
Work in progress (at cost)	-	-	33	-	33
Depreciation and amortisation	-	(162)	(78)	(16)	(256)
Carrying amount at 30 June	-	519	644	208	1 371

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3 Assets (continued)

	2017 \$'000	2016 \$'000
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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

Intangibles with a finite useful life

Software at cost	419	419
Less: Accumulated amortisation	(314)	(209)
Total	105	210

b) Reconciliation of movements

Carrying value at 1 July	210	314
Additions	-	-
Depreciation and amortisation	(105)	(104)
Carrying amount at 30 June	105	210

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

Other assets

Prepayments	61	26
Total	61	26
Settled within 12 months	61	26
Total	61	26

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

	2017	2016
	\$'000	\$'000
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.		
Creditors	261	2 148
Accrued expenses	50	330
Total	311	2 478
Settled within 12 months	311	2 478
Total	311	2 478

Settlement is usually made within 30 days.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

4 Liabilities (continued)

	2017	2016
	\$'000	\$'000
4.2 Employee benefits		
<i>Key estimate and judgement</i>		
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.		
Accrued salaries	10	5
Annual leave	70	85
Long service leave	164	186
Total	244	276
Settled within 12 months	158	202
Settled in more than 12 months	86	74
Total	244	276
4.3 Superannuation		
<i>(i) Defined contribution plans</i>		
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.		
<i>Key estimate and judgement</i>		
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.		
<i>(ii) Defined benefit plans</i>		
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

5 Commitments and contingencies

	2017	2016
5.1 Schedule of commitments	\$'000	\$'000
By type		
<i>Capital commitments</i>		
Property, plant and equipment	-	508
<i>Total capital commitments</i>	-	508
<i>Lease commitments</i>		
Operating leases	21	117
<i>Total lease commitments</i>	21	117
<i>Other commitments</i>		
Wastewater treatment plant decommissioning & relocation design works	-	3 573
Site maintenance	12	-
<i>Total other commitments</i>	12	3 573
Total	33	4 198
By maturity		
<i>Capital commitments</i>		
One year or less	-	508
<i>Total capital commitments</i>	-	508
<i>Operating lease commitments (photocopy and motor vehicles)</i>		
One year or less	14	49
From one to five years	7	68
<i>Total lease commitments</i>	21	117
<i>Other commitments</i>		
One year or less	-	3 013
From one to five years	12	560
<i>Total other commitments</i>	12	3 573
Total	33	4 198

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

5 Commitments and contingencies (continued)

On 15 June 2015, a Memorandum of Understanding (MOU) was signed, binding the Crown, Tasmanian Water and Sewerage Corporation (TasWater) and the corporation to work towards decommissioning and removing the wastewater treatment plant (WWTP) located adjacent to the Macquarie Point site to maximise economic benefit to Macquarie Point's development. The MOU committed the corporation to make available up to \$5 million for TasWater to commence investigation, planning, scoping, cost estimation and engineering design works to decommission the plant and relocate it to another site. During the 2017 year the corporation contributed \$1.1 million (2016: \$1.4 million) towards the project, ceasing contributions in November 2016.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

	2017	2016
	\$'000	\$'000
6.1 Cash and deposits		
Cash at bank		
Cash at bank	871	2 954
Total	871	2 954
Cash held in term deposits		
Term deposits	29 000	33 000
Total	29 000	33 000
Total cash and deposits	29 871	35 954

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

6.2 Reconciliation of net result to net cash from operating activities

Net result from transactions (net operating balance)	(3 523)	(2 830)
Depreciation and amortisation	297	360
Decrease (increase) in receivables	(66)	37
Decrease (increase) in other assets	(34)	8
Increase (decrease) in employee benefits	(35)	(26)
Increase (decrease) in payables	310	1 758
Net cash used by operating activities	(3 051)	(693)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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.

7 Financial instruments (continued)

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.

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:

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
2017								
Financial liabilities								
Payables	311	-	-	-	-	-	311	311
Total	311	-	-	-	-	-	311	311
2016								
Financial liabilities								
Payables	2 478	-	-	-	-	-	2 478	2 478
Total	2 478	-	-	-	-	-	2 478	2 478

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

7 Financial instruments (continued)

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:

	2017 \$'000	2016 \$'000
Fixed rate instruments		
Financial assets	573	506
Financial liabilities	(311)	(2 478)
Total	262	(1 972)
Variable rate instruments		
Cash at bank	29 871	35 954
Total	29 871	35 954

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

Sensitivity analysis of the corporation's exposure to possible changes in interest rates	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$'000	\$'000	\$'000	\$'000
30 June 2017				
Cash and deposits	298	(298)	298	(298)
Net sensitivity	298	(298)	298	(298)
30 June 2016				
Cash and deposits	359	(359)	359	(359)
Net sensitivity	359	(359)	359	(359)

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

7 Financial instruments (continued)

	2017 \$'000	2016 \$'000
7.2 Categories of financial assets and liabilities		
Financial assets		
Cash and deposits	29 871	35 954
Loans and receivables	573	506
Total	30 444	36 460
Financial liabilities		
Financial liabilities measured at amortised cost	311	2 478
Total	311	2 478

8 Events occurring after balance date

On 20 July 2017, the corporation entered into a contract to demolish the former cold store building at 6 Evans Street, Hobart, and remove redundant rail infrastructure from the site. The contract is valued at \$356 000 with the works expected to be completed by November 2017.

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 2017.

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 2018 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
- promote inner-city living
- be well connected to the broader Hobart environment
- not prejudice port activities
- complement, and not compete with, activity in the Central Business District and greater Hobart
- leverage local competitive advantages, thereby delivering major socio-economic benefit to Hobart and the state
- respect the site's history
- incorporate principles of sustainability.

In December 2016, the Tasmanian Government engaged with Mona to realise a new vision for the site and directing the corporation to prepare a new plan for the development at the site based on the new reset, develop a comprehensive communications and stakeholder engagement plan for the reset, review the resourcing requirements to deliver the first stage of the revised development plan.

The financial impact of the implementation of a revised development plan resulted in \$1.142 million being reclassified as a Macquarie Point project expense in the current year.

9 Other significant accounting policies and judgements (continued)

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 board on 20 October 2017.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The corporation is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention.

The accounting policies are generally consistent with the previous year except for those changes outlined in Note 9.5.

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

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:

- *2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities* – The objective of this Standard is to make amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not-for-profit public sector entities. This standard applies to annual reporting periods beginning on or after 1 July 2016. The impact is increased disclosure in relation to related parties. There is no financial impact.

9 Other significant accounting policies and judgements (continued)

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 yet to be assessed.
- AASB 15 *Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of *revenue* and cash flows arising from a contract with a customer. This Standard applies to annual reporting periods beginning on or after 1 January 2017. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The financial impact is yet to be assessed.
- 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 yet to be assessed.
- 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 in relation to cash flows and non-cash changes.
- 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. The impact is enhanced disclosure in relation to revenue. The financial impact is yet to be assessed.
- 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. The financial impact is yet to be assessed.

9 Other significant accounting policies and judgements (continued)

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 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards.

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

9.8 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.

9.9 Taxation

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

9.10 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.

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 our understanding of the corporation's financial position as at 30 June 2017 and its cash flows for the year then ended.

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



BRIAN SCULLIN
Chair
5 September 2017



MARY MASSINA
Director
5 September 2017



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 Macquarie Point Development Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2017 and 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 Certification by the Board.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2017 and of 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.

...1 of 4

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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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

Refer to note 3.2

Inventories comprise of remediation and redevelopment expenditure and the cold store land and buildings at 6 Evans Street, Hobart. These costs add to the land value and will maximise the potential sales revenue once the land is sold at a future date. At 30 June 2017, the Corporation had a significant inventories balance of \$7.37m, which comprised:

- Land improvement – works in progress (Remediation), \$4.12m
- Land improvement – work in progress (Infrastructure), \$1.25m
- Cold Store land and buildings, \$2.00m.

The inventory is recorded at the lower of cost or net realisable value. Significant judgement was used in the application of inventory measurement principles and the assessment of the inventory obsolescence.

- Assessing the impact of the Government's vision reset.
- Evaluating the obsolescence of inventories and challenging the appropriateness of the valuation approach and the key assumptions used by management.
- Assessing the adequacy of relevant disclosures in the financial report.

Responsibilities of the Board for the Financial Report

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

In preparing the financial report, the Board is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Corporation is to be dissolved by an Act of Parliament or the Board intend to cease operations, or have no realistic alternative but to do so.

The Board is responsible for overseeing the Corporation's financial reporting process.

...2 of 4

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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.

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 Board.
- Conclude on the appropriateness of the Board's 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 represent the underlying transactions and events in a manner that achieves fair presentation.

...3 of 4

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I communicate with the Board 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.



Ric De Santi
Deputy Auditor-General
Delegate of Audit General

Tasmanian Audit Office

20 October 2017
Hobart

...4 of 4

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**Additional
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(Inside cover)

Waterfront aerial view
Aerial Inspections
(Page 4-5)

Macquarie Point offices
Jasmin Latona
(Page 6)

Ogoh-Ogoh burning
Dark Mofo /
Lusy Productions
(Page 15)

*Hobart Blues
& BBQ Festival*
Hobart Brewing
Company
(Page 15)

TSO Live Session
Alastair Bett
(Page 16-17)

Macquarie Point offices
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(Page 26-27)

Cold Store detail
Roland Gataric
(Page 34-35)