

UrbanGrowth NSW

# Annual Report 2017



Renewed pocket park on  
Carriageworks Way in North Eveleigh



## Ministers' letter

31 October 2017

**The Hon Dominic Perrottet MP**

Treasurer  
52 Martin Place  
Sydney NSW 2000

**The Hon Victor Dominello MP**

Minister for Finance, Services and Property  
52 Martin Place  
Sydney NSW 2000

Dear Treasurer and Minister

We are pleased to submit to you, for presentation to the Parliament of New South Wales, the Annual Report for Landcom trading as UrbanGrowth NSW for the year ended 30 June 2017.

The report, detailing the performance, operations and financial results of the corporation, has been prepared in accordance with section 24A of the State Owned Corporations Act 1989, the *Annual Reports (Statutory Bodies) Act 1984* and the applicable provisions of the *Public Finance and Audit Act 1983*.

Yours sincerely,



**John Brogden AM**  
Chairman



**Suzanne Jones**  
Director

# Contents

**03**  
Ministers' letter

**06**  
Chairman's review

**08**  
Chief Executive  
Officer's review

**10**  
Board of Directors

**14**  
Executive  
Management Team

✓ Business owners, Central to Eveleigh



**18**

**Our organisation**

Our portfolio	19
Our governance structure	20
FY16/17 economic and financial highlights	21

**22**

**Highlights of this year's achievements**

Performance against operational objectives	22
Western Sydney Projects Portfolio	24
CBD Projects Portfolio	28
The Bays Precinct Sydney	30
Awards	32
Sustainability Strategy	34
Engagement with communities	35

**36**

**Looking ahead to FY17/18**

**38**

**Corporate activities**

Our charter and function	38
Board of Directors, meetings and committees	39
Measuring performance	40
Risk management	41
Public access to information and the protection of privacy	42
Legal events	46
Work health and safety	46
Multicultural Policies and Services Program	48
Workforce diversity performance	50
Our guarantee of service	51
Executive positions	52
Miscellaneous activities	53
Disclosure of approved exemptions	54

**56**

**Financial statements**

**104**

**Index**

**105**

**Corporate directory**



## Chairman's review

---

During the 2017 financial year (FY16/17) a structural review by the NSW Government has set our organisation on a new path that will enable even better outcomes for people and businesses across NSW.

---

This next phase will see UrbanGrowth NSW's portfolio of projects re-assigned to three separate entities: Landcom (a state owned corporation), UrbanGrowth NSW Development Corporation, and Hunter Development Corporation.

This move aligns the projects with the organisations best positioned to carry them forward on behalf of the NSW Government. It also reflects the NSW Government's priorities and commitments in delivering urban development policy, particularly in response to housing affordability.

You can read more on the portfolio separation on Page 36.

FY16/17 has therefore been a pivotal year for the organisation. As the Board and Executive Management Team have worked extensively on the transition, considerable progress has been made in our residential land development and major urban transformation projects.

Our residential land portfolio continues Landcom's legacy of achieving housing supply targets on behalf of the NSW Government. We released 1,012 house lots to the public and enabled a further 1,150 through superlot sales to developers – amounting to more than 14,193 sites since April 2015, moving us closer to achieving our 20,000 home site target by 31 March 2019.

These production levels continue to position the organisation as one of the largest residential developers in the state. However, our work extends beyond numbers. These sites are award-winning masterplanned

neighbourhoods that offer a diversity of housing and reflect Landcom's proud history of sustainable development and easy access to community facilities, services and open space.

In our major urban transformation programs we commenced the process for the \$250 million redevelopment of the new Sydney Fish Market at the head of Blackwattle Bay, the first step in bringing to life the vision for the broader Bays Market District. We also finalised urban transformation strategies for the Parramatta Road corridor, and the 50 hectares of NSW Government-owned land between Central and Erskineville stations.

These outcomes illustrate deep collaboration across the NSW Government, with local councils, industry and communities, and a combined focus on new housing, new jobs and sustainable place making.

Further, the release of the organisation's *Draft Sustainability Strategy* reflects an 18-month analysis of global trends and best practice, embedding world-class standards of development and liveability into the urban places we help create.

Net profit after tax was \$168.2 million, and we returned \$72.1 million to the NSW Government in income tax equivalents.

I would like to thank my fellow Directors, and commend former Director Bob Hamilton who retired from the Board during the year after six years of service to the organisation. In particular, I would like to acknowledge

all our staff for their dedication not only for the past 12 months, but for the last few years.

As a result of the portfolio changes, this is our last Annual Report as UrbanGrowth NSW. I would like to thank the community, government and industry stakeholders who have contributed to the vision, planning and delivery of the organisation's work. It's work that makes a difference - it has a positive impact on our economy while creating exciting urban places for the people of NSW.

Yours sincerely,

**John Brogden AM**  
Chairman





## Chief Executive Officer's review

---

Our organisation is the vehicle that links the NSW Government's urban development policy to on-the-ground outcomes. The portfolio separation outlined in the Chairman's letter will again see the state owned corporation, as Landcom, respond to new policy settings.

---

The ongoing delivery of sustainable urban development is essential in the context of high house prices, especially for young people, and strong population growth. This is a major NSW Government priority. We need therefore to build on strategic, collaborative approaches to create private sector development opportunities, while ensuring new sustainable, liveable and connected places.

The organisation, as Landcom, will continue to secure projects that take this approach, while actively addressing affordability. Developing a strategy for this re-focused role has already commenced. We will use our existing strengths and legacy of industry leadership. We will continue to coordinate lead-in infrastructure on government-owned land and will focus on greater diversity and innovative, affordable new homes in places with easy access to public transport, public facilities and open space.

This work will build on our FY16/17 achievements. We released more than 2,150 home sites through our sales channels, and projects such as Oran Park, Renwick, Macarthur Heights, Riverstone, and Lachlan's Line at Macquarie Park illustrate our range of activities during the year – whether solving development complexities or facilitating infrastructure delivery to support new communities.

Our social housing renewal programs in Claymore and Airds demonstrate how government intervention can create a greater socio-economic mix within vibrant and healthy neighbourhoods.

We're setting the benchmark for housing diversity close to transport and services at Thornton, where the private sector has more than 800 dwellings under construction including residential apartments, affordable housing, aged care and serviced apartments.

Our urban transformation programs require us to collaborate across government on large and complex programs to bring forward economic investment and create new places or iconic destinations. In FY16/17, for example, our work to clear the heavy rail corridor in Newcastle's city centre created opportunities to reconnect the harbour and attract investment and new uses. Restoration works at North Eveleigh and at Parramatta North are creating new community spaces and uses for important heritage buildings. New residents moved into the Ebsworth building at Green Square Town Centre. We also assumed the role of master developer of White Bay Power Station on behalf of the NSW Government, and appointed lead architects to the redevelopment of The Sydney Fish Market.

Within the organisation, we finalised our housing diversity and sustainability strategies, and continued to implement and test our public participation and community engagement framework, winning an International Association of Public Participation (IAP2) award for our work on The Bays Precinct.

We further broadened our academic research and partnership programs, and our Design Directorate is another example of our commitment to

embedding world-class standards into our work.

David Pitchford, our former Chief Executive Officer, established the UrbanGrowth NSW organisation and advanced seven major urban transformation programs to their current stage in just three years - a testament to his leadership and dedication of staff. I thank David and all our staff for this commitment.

Their work lays the foundation to carry these projects forward by Landcom, the UrbanGrowth NSW Development Corporation and the Hunter Development Corporation, creating better communities and outcomes for the people of NSW.

Yours sincerely,

**Barry Mann**  
Acting Chief Executive Officer



✓ Terrace houses along promenade, Thornton



## Board of Directors



**John Brogden AM**

*Chairman, appointed January 2012*



**Jim Betts**

*Appointed May 2017*

Committee appointments:

- **Member of Human Resources Committee**  
*(effective 1 August 2017)*

From 2015 to 2017, John was the Managing Director and Chief Executive Officer of the Australian Institute of Company Directors. Prior to this, he was CEO of the Financial Services Council from 2009 to 2015, and CEO of Manchester Unity from 2006 to 2008.

He is currently Chairman of Lifeline Australia and Furlough House Retirement Village. John is also the patron of Sailability Pittwater, Bilgola Surf Lifesaving Club, Avalon Beach Surf Lifesaving Club and Kookaburra Kids.

John's previous non-executive directorships include Abacus Australian Mutuals (Chairman), BBI – The Australian Institute of Theological Education (Chairman), Sydney Ports Corporation, Australian Private Health Insurance Association and the Australian Friendly Societies Association.

From 1996 to 2005, John was the Member for Pittwater in the NSW Parliament. In 2002, John was elected Leader of the Opposition – the youngest person ever to hold the role and lead a major political party in Australia.

John holds a Masters of Public Affairs from the University of Sydney and is a Fellow of the Australian Institute of Company Directors.

Jim is the CEO of Infrastructure NSW, an independent statutory agency that provides specialist advice to the NSW Government on infrastructure investment and prioritisation. Jim joined Infrastructure NSW following five years as the Secretary of the Victorian Department of Transport and four years as Director of Public Transport at the Victorian Department of Infrastructure. As part of his role at Infrastructure NSW, Jim led the development of more than 80 recommendations to Government of critical infrastructure for NSW—set out in the State Infrastructure Strategy Update 2014.

Jim is Chairman of Infrastructure Investor Assurance Committee, reporting to Cabinet on high profile or high risk projects, while providing oversight of almost 400 projects registered in the Infrastructure NSW assurance database.

Since the establishment of Projects NSW in 2015, Jim has also been responsible for the delivery of several infrastructure priorities, including the \$3.4 billion Darling Harbour transformation along with new major projects including Western Sydney Stadium, Walsh Bay Arts Precinct redevelopment and the New Grafton Correctional Centre.

During his time in Victoria Jim was involved in the delivery of the \$38 billion Victorian Transport Plan, the overhaul of Victoria's legislative framework to integrate the planning of transport and land use, and overseeing construction of the \$4.3 billion Regional Rail Link project.



**Bob Hamilton\***

*Appointed February 2011*

Robert Hamilton's career spans more than 50 years in the property industry. After founding and running Hamilton & Co Real Estate for more than 10 years, Robert co-founded The Mirvac Group in 1972, retiring as Managing Director in 2005.

Over the course of his career Robert has been involved in a number of major urban renewal projects throughout Australia and NSW, including Walsh Bay and the Olympic Village. He has also overseen the development of more than 25,000 residential dwellings as well as many commercial office buildings, shopping centres, hotels and industrial complexes.

Robert is an Advisory Board Member for the Salvation Army and advises a number of charitable organisations. He is regularly called on to provide property advice across the development industry.

Robert is a qualified real estate valuer, a Fellow of the Australian Property Institute, and a member of the Real Estate Institute of Australia. In 2016, Robert was inducted into the Property Council of Australia Hall of Fame for his sustained leadership and the outstanding legacy provided to the property industry and Australian community.

*\* Bob retired from the Board in Dec 2016.*



**Suzanne Jones**

*Appointed June 2016*

Committee appointments:

- **Member of Audit and Risk Management Committee**  
*(effective 29 August 2016)*
- **Chair of Audit and Risk Management Committee**  
*(effective 1 August 2017)*

Suzanne has held senior executive and non-executive roles involving transport and energy, infrastructure planning and delivery, environmental assessment and sustainability, resource and asset management, property development, tourism and vocational education and training. All have involved considerable stakeholder engagement often in highly regulated environments.

Suzanne is currently the National Chair of Dial Before You Dig, Deputy Chair of ACT's Suburban Land Agency, University of New England Partnerships Pty Ltd and Smoke Alarms Holdings Ltd. She is also a Director and past Founding Chair of Waste Aid and a member of the Australian Astronomical Observatory's governance committee and the Emissions Reduction Assurance Committee.

Suzanne was previously on the NSW National Parks and Wildlife Council, serving as its chair for four years, and was a Director of TransGrid, Australia's largest transmission network, for the four years prior to its successful privatisation in December 2015. Suzanne also served as a Director of the NSW Public Transport Authority, Parramatta Rail Link Pty Ltd, the Illawarra Regional Information Service, Newcastle Urban Renewal and Transport and Garrigal Housing.

Suzanne holds a Bachelor of Town Planning (Honours) from the University of NSW, a Masters of Business Administration from the University of Rochester, is a Fellow of the Australian Institute of Company Directors and a Member of the Planning Institute of Australia. Suzanne has undertaken a business leadership course at Harvard and was awarded an international leadership fellowship by the United States government.

## Board of Directors



**Prof. Ken Maher**

*Appointed December 2014*

Committee appointments:

- **Member of Audit and Risk Management Committee**  
*(until 29 August 2016)*

Ken is an architect, landscape architect and urban design advocate. He is a former Executive Chairman of HASSELL, Australia's largest international multidisciplinary design practice. Ken is currently a HASSELL Fellow and an Honorary Professor of Practice in the Faculty of Built Environment at the University of NSW.

Ken is President of Australian Sustainable Built Environment Council, and Immediate Past President of Australian Institute of Architects. He is Chair of the City of Sydney's Design Advisory Panel and a member of Sydney Opera House Eminent Architects Panel. Ken is a board member of the Royal Australian Institute of Architects Limited, the ACT Urban Renewal Authority, IBL Limited and the Co-operative Research Centre for Low Carbon Living Limited, and was and a founding board member of the Green Building Council.

His recognition as a designer is reflected in the numerous awards received for projects he has led. Ken also advises governments and speaks on design, sustainability and the future of cities throughout Australia and internationally. Ken holds a Bachelor of Architecture with first-class honours, a Masters of Architecture, and has undertaken post graduate qualifications in landscape architecture and environmental studies.

In 2009, Ken was awarded the Australian Institute of Architect's highest accolade, the Gold Medal and 2010 he received the Australian Award in Landscape Architecture from the Australian Institute of Landscape Architects.



**Gai McGrath**

*Appointed June 2016*

Committee appointments:

- **Chair of Human Resources Committee**  
*(effective 29 August 2016)*
- **Member of Audit and Risk Management Committee**  
*(effective 1 August 2017)*

Gai is a professional director who has an extensive background in highly regulated, largescale businesses over a career spanning 30 years.

She spent 12 years at Westpac Banking Group, most recently leading Westpac Australia's Retail Banking business. She also led the Retail Banking business for Westpac New Zealand, and the Customer Service business and Risk Solutions team for BT Financial Group.

Prior to joining Westpac, Gai was the General Counsel and Company Secretary of Perpetual Ltd.

Gai is a Director of IMB Bank, Genworth Mortgage Insurance Australia Ltd and Toyota Finance Australia Limited. She chairs the Advisory Board of NEXA Group Pty Ltd. Gai is also the Deputy Chair of the Council of the State Library of NSW, a Director and Trustee of the State Library of NSW Foundation and a member of The Salvation Army's Territorial Appeals and Fundraising Committee.

Gai is a graduate of the Australian Institute of Company Directors and has completed the INSEAD Business School International Executive Program.

She also holds a Masters of Laws (Distinction) from the London School of Economics and Political Science at the University of London, and a Bachelor of Laws (Hons) and a Bachelor of Arts from the University of Sydney.



---

**Karen Penrose\***

*Appointed August 2014*

---

Committee appointments:

- **Chair of Audit and Risk Management Committee**  
*(until 31 July 2017)*
- **Member of Human Resources Committee**  
*(effective 29 August 2016)*

Karen has more than 30 years business experience across finance, property and resources, including 20 years with Commonwealth Bank and HSBC and eight years as Chief Financial Officer with two publicly listed companies. She was a Council member of Chief Executive Women (CEW) for six years from 2009 and continues her involvement as a member of the Advisory Panel for the CEW Leaders Program in Australia and Singapore.

Karen is a full time Non-Executive Director and serves on the boards of Bank of Queensland, AWE Limited, Vicinity Centres, Spark Infrastructure Group, Future Generation Global Investment Company Limited (pro bono role) and Marshall Investments Pty Limited.

She is a former Director of Novion Limited and Silver Chef Limited. Karen holds a Bachelor of Commerce (UNSW), and is Chartered Practising Accountant and Fellow of the Australian Institute of Company Directors.

*\* Karen retired from the Board in July 2017.*



---

**Matthew Quinn**

*Appointed August 2013*

---

Committee appointments:

- **Member of Audit and Risk Management Committee**
- **Member of Human Resources Committee**  
*(effective 29 August 2016)*

Matthew was Managing Director of Stockland from 2000 to 2013. Matthew is Chairman of Class Limited and Carbonxt Group Limited and a non-executive director of CSR Limited and mPort Ltd.

He is actively involved in education initiatives for disadvantaged students and is a director of the Australian Business and Community Network Foundation.

Matthew is a Chartered Accountant and a Fellow of the Australian Property Institute and the Royal Institute of Chartered Surveyors. He has a first-class honours degree in Chemistry and Management Science from Imperial College, London.

## Executive Management Team



**Barry Mann\***

*Acting Chief Executive Officer*

Barry was appointed Acting Chief Executive Officer of UrbanGrowth NSW in June 2017. He has oversight of all project operations, business activities and is responsible for interfacing with Board and Shareholder Ministers.

Barry joined UrbanGrowth NSW in November 2016 as Head of Projects Portfolio where he was responsible for overseeing the strategy, operations and financial management of The Bays Precinct Sydney and the Western Sydney and CBD project portfolios. He was also responsible for supporting the CEO with the day-to-day operations of the organisation.

Barry has more than 30 years' experience managing property development and construction businesses in the listed, private and government sectors. He has held local and global executive management roles overseeing operations and portfolio delivery for leading Australian property organisations including Stockland and Lend Lease.

Most recently Barry was Director, Property Development and Asset Management, for the City of Parramatta responsible for \$5 billion of property development activities on council-owned land.

Barry is a member of the Australian Institute of Company Directors. He has a Bachelor of Engineering (Civil) from UNSW and a Graduate Diploma in Applied Finance and Investment.

*\* David Pitchford CBE LVO served as Chief Executive Officer until December 2016.*



**Mathew Beggs**

*Head of Western Sydney Projects Portfolio*

Mathew was appointed Head of Western Sydney Projects Portfolio in November 2015, and oversees the organisation's greenfield development activities. Mathew has 30 years' experience in the property and development industry, with experience in the planning and delivery of large development projects, major property transactions, business development and relationship management.

Mathew joined UrbanGrowth NSW in 2002 as part of the Business Development Team, before moving into Urban Development in 2005 where he worked on the One Minto and Oran Park Town projects. He was appointed General Manager Development Retail in 2014.

Prior to working at UrbanGrowth NSW, Mathew was with the Department of Defence for six years, managing rezoning, preparation and disposal of major Defence sites in Sydney. He also spent seven years with Australian Property Group consulting to Australian Government clients for planning approvals, sales, leasing and acquisitions.

Mathew has a Graduate Diploma in Urban Estate Management and a Masters of Project Management.



---

**Michael Brodie**  
*Chief Financial Officer*

---

Michael joined UrbanGrowth NSW in March 2010 as the Chief Financial Officer and manages the finance, risk, IT, procurement, and business service functions. Michael is an experienced CFO with more than 25 years' senior financial and commercial experience in investment, aged care and property development organisations.

Michael previously held senior finance positions including National Manager Property Finance at Woolworths Ltd, DCA Aged Care and RG Capital.

Michael is a Graduate Member of the Australian Institute of Company Directors and is a Chartered Accountant. He has a Bachelor of Economics and a Graduate Certificate in Financial Planning.



---

**Steve Driscoll**  
*Head of CBD Projects Portfolio*

---

Steve joined UrbanGrowth NSW in July 2004 and was appointed Head of CBD Projects Portfolio in September 2016, where he is responsible for overseeing the delivery of several major projects within the urban transformation portfolio.

Steve has 25 years' experience across the property and government sectors, working for state and local government organisations including Blacktown City Council, the Department of Planning and Environment and UrbanGrowth NSW. Steve's most recent role was as General Manager, UrbanGrowth NSW Development Corporation. He has also previously worked in sustainability, project planning and town planning roles at a senior management level.

Steve has a Bachelor of Town Planning (Honours 1; University Medal) from the University of NSW.

## Executive Management Team



---

**Jillian Khoo**

*General Counsel and Company Secretary*

---

Jillian was appointed as General Counsel in January 2015. She is the organisation's key legal adviser.

Jillian has worked across multiple Australian jurisdictions and a variety of real estate sectors. She has a background in project-specific financing, development and joint ventures, with expertise managing various internal and external stakeholders including government.

Jillian spent eight years with Australand, most recently as the National Head of Legal Services for the Residential Division, and previously as the General Manager Legal – Corporate. She worked at Mallesons Stephen Jacques (now King and Wood Mallesons) for nine years, specialising in structured property finance, capital partnerships and development.

Jillian holds a Bachelor of Laws and a Bachelor of Arts (Politics).



---

**Lisa Rippon-Lee**

*Head of Communications and Stakeholder Engagement*

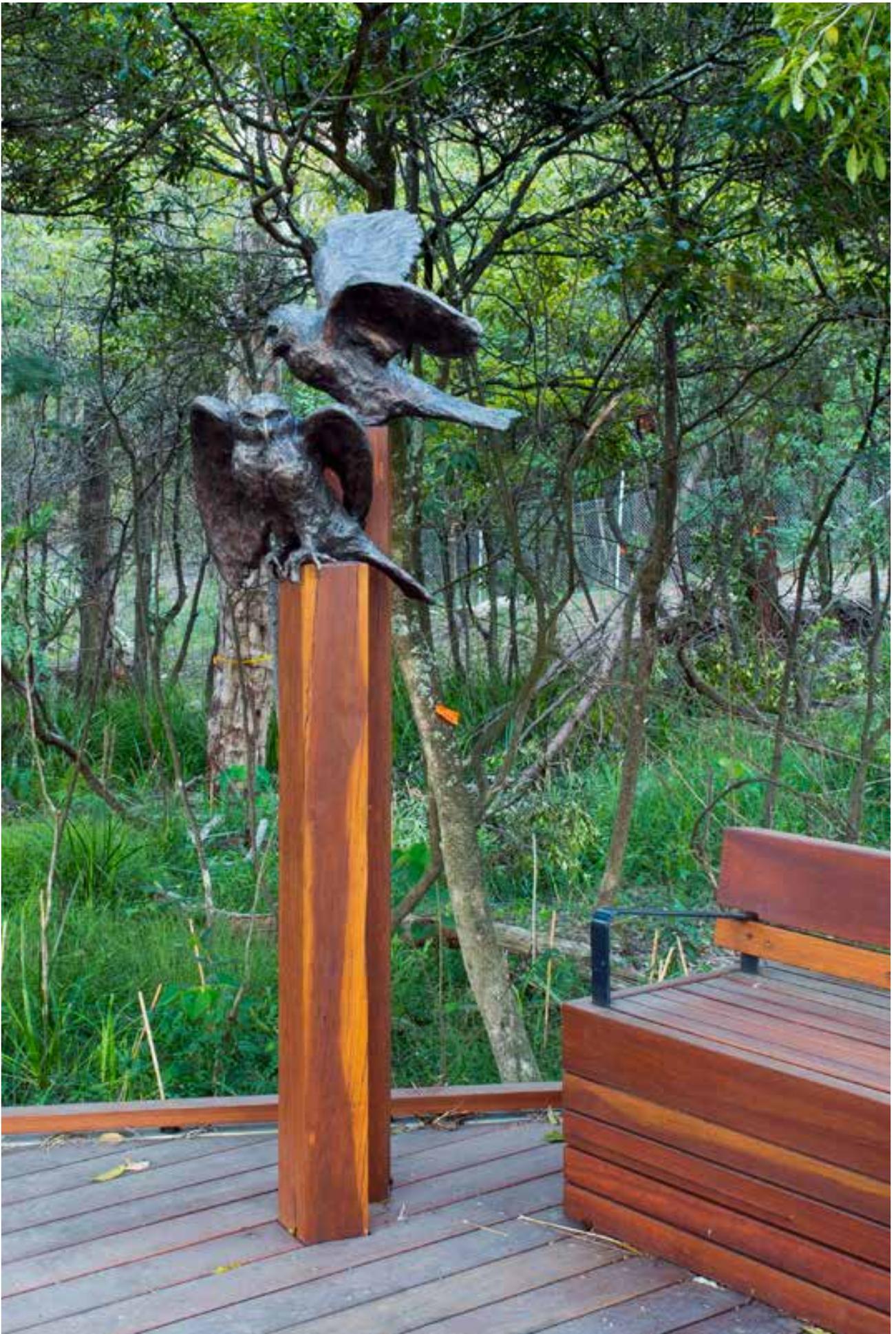
---

Lisa joined UrbanGrowth NSW in March 2014 as Head of Corporate Affairs and is responsible for communications, marketing, government relations and stakeholder engagement, working to position the organisation as the lead government agency in the delivery of urban transformation projects.

Lisa is an experienced communications and corporate marketing professional and has spent more than 25 years in corporate affairs.

Lisa has worked in multinational corporations across many industry sectors, stakeholder groups, markets, languages, and cultures. Lisa's previous roles have included senior positions in communications and corporate affairs at Glencore Xstrata, Lend Lease and The Nielsen Company.

Lisa is a member of the Australian Institute of Company Directors.



^ "Powerful Owls", public art sculpture by Ochre Lawson, Lachlan's Line

# Our organisation

UrbanGrowth NSW, a trading name of Landcom, is a state owned corporation operating under the Landcom Corporation Act 2001.

Our ambition is to transform city living by creating world-class urban areas that are vibrant, connected, competitive and resilient places to live and work. We act as the master developer on complex urban transformation projects, which contain government-owned land and support critical infrastructure and economic clusters.

The NSW Government has established five key priorities for UrbanGrowth NSW as it undertakes its tasks through a *Ministerial Statement of Priorities*:

- 1 Drive increases in the supply of housing and jobs.
- 2 Strengthen the NSW economy by delivering world-class centres that attract investment and boost productivity.
- 3 Optimise public investment in infrastructure through integrating land use and transport planning.
- 4 Operate on a commercially astute basis, seeking a fair return for taxpayers.
- 5 Promote public sector innovation through collaborating across government, the private sector and the community in the delivery of the portfolio.



**● The Bays Precinct**

- 1. The Bays Precinct Sydney Urban Transformation Program

**● CBD Project Portfolio**

- 2. Central to Eveleigh Urban Transformation and Transport Program
- 3. Green Square Town Centre
- 4. Newcastle Urban Transformation and Transport Program
- 5. Parramatta Road Urban Transformation Program

**● Western Sydney Project Portfolio**

- 6. Renwick
- 7. East Village
- 8. Macarthur Heights
- 9. Newbrook
- 10. Hillcroft
- 11. Oran Park Town
- 12. Edmondson Park
- 13. Newleaf
- 14. Thornton
- 15. Riverstone
- 16. The Ponds
- 17. Sydney Metro Northwest Urban Transformation Program
- 18. Parramatta North Urban Transformation Program
- 19. The Peninsula
- 20. Lachlan's Line
- 21. Sanctuary
- 22. Vantage

## Our governance structure

### NSW GOVERNMENT

The Hon **Anthony Roberts** MP, Portfolio Minister  
The Hon **Dominic Perrottet** MP and The Hon **Victor Dominello** MP, Shareholder Ministers

### BOARD OF DIRECTORS

Responsible for commercial success of UrbanGrowth NSW  
Oversees management of UrbanGrowth NSW in best interests of the Shareholder Ministers

Audit and Risk Management Committee

Human Resources Committee

Chief Executive Officer and Executive Management Team

Construction, Green Square



**FY16/17 economic  
and financial highlights**

**\$72.1  
million**

Returned to the NSW Government  
(tax equivalent payments)

**\$168.2  
million**

Net profit after tax

**\$726  
million**

Sales revenue

**2,162  
dwellings**

released under the  
20,000 Home Site Program



# Highlights of this year's achievements

## Performance against operational objectives

### Corporate

OBJECTIVE	RESULTS
Substantially progress delivery of 20,000 home sites by 2019	Supplied 2,162 home sites, which brings our total to 14,193 against the program.
Meet our 2017 sustainability targets	We met or outperformed against 10 of thirteen sustainability indicators with measurable targets. Our full sustainability performance is in our 2017 Sustainability Report. We also progressed our 2018 sustainability strategy, and have commenced implementation of our new targets.
Maintain our safety record of zero serious injuries.	No reported injuries to UrbanGrowth NSW staff One sub-contractor 'lost-time' injury Four sub-contractors incurred 'medically treated' injuries See page 46 for more details.

## Projects



### The Bays Precinct Sydney

#### OBJECTIVE

Substantially progress the White Bay Power Station and Bays Market District destinations

#### RESULTS

- Entered the market with the White Bay Power Station Expression of Interest. Assumed the role of master developer
- Appointed architects to the redesign of Sydney Fish Market
- Appointed urban designer and engineers (July 2017) to develop a masterplan for the Bays Market District



### Central to Eveleigh/Waterloo

#### OBJECTIVE

Commence rezoning at Waterloo Study

#### RESULTS

- Requirements for State Significant Precinct (SSP) rezoning investigation issued in May 2017
- Working with Department of Family and Community Services to coordinate SSP Study process
- Appointed urban designers and technical specialists to develop master plan for Waterloo SSP



### Green Square

#### OBJECTIVE

Practical completion of Ebsworth and secure an anchor retail tenant for the Green Square Town Centre.

#### RESULTS

- Completed construction and welcomed new residents with official opening on 16 May 2017
- Secured Woolworths as the anchor retail operator, opened 30 May 2017



### Parramatta Road

#### OBJECTIVE

Transfer Parramatta Road to the Greater Sydney Commission (GSC) to commence rezoning.

#### RESULTS

- Parramatta Road Corridor Urban Transformation Strategy adopted by government in November 2016, given statutory force through a s117 Ministerial Direction
- The Strategy informs the relevant District Plans being prepared by GSC
- Governments at all levels now have a part to play in implementing the Strategy, with policy direction and administration by the GSC



### Sydney Metro Northwest

#### OBJECTIVE

Progress the urban transformation of government-owned land surrounding station precincts

#### RESULTS

- Prepared concept plans for developable government-owned land along the corridor
- Signed a project development agreement with Transport for NSW (July 2017) to guide commercial and funding arrangements for urban development.



### Newcastle

#### OBJECTIVE

Commence development works in the Newcastle rail corridor

#### RESULTS

- Planning proposal to rezone former heavy rail corridor lodged July 2016
- Completed removal of the former heavy rail infrastructure and overhead bridges
- Opened new community space - Market Street Lawn and commenced activation program
- Agreement between NSW Government, Hunter Development Corporation, UrbanGrowth NSW and University of Newcastle for inner-city campus expansion of the university



### Parramatta North

#### OBJECTIVE

Commence heritage repair works and lodge development applications for public domain

#### RESULTS

- Lodged development application
- Commenced heritage building repairs and archaeological investigations
- City of Parramatta adopted the Development Control Plan

## Western Sydney Projects Portfolio

---

Our Western Sydney Projects Portfolio contains projects that create greater choice in housing, community infrastructure and facilities, and economic investment in the right locations. These projects also support the NSW Government's vision for Western Sydney to drive Greater Sydney and NSW's productivity.

---

### **Making a major contribution to the supply of new housing**

We progressed or finalised long-term land development that commenced under the Landcom mandate.

At Thornton, near Penrith, our vision for a broad product offering that reflects modern community and lifestyle preferences continues to come to life. Development partners have more than 800 new homes under construction. Housing types includes Fonzie flats (studio-style apartments above garages), 21st Century terraces, apartments, as well as Affordable Housing, aged care and serviced apartments through different providers.

In the North West Priority Growth Area, we opened up the opportunity to unlock 317 subdivided housing lots from fragmented lands at Riverstone. Working closely with the 51 owners in the Riverstone Scheduled Lands,

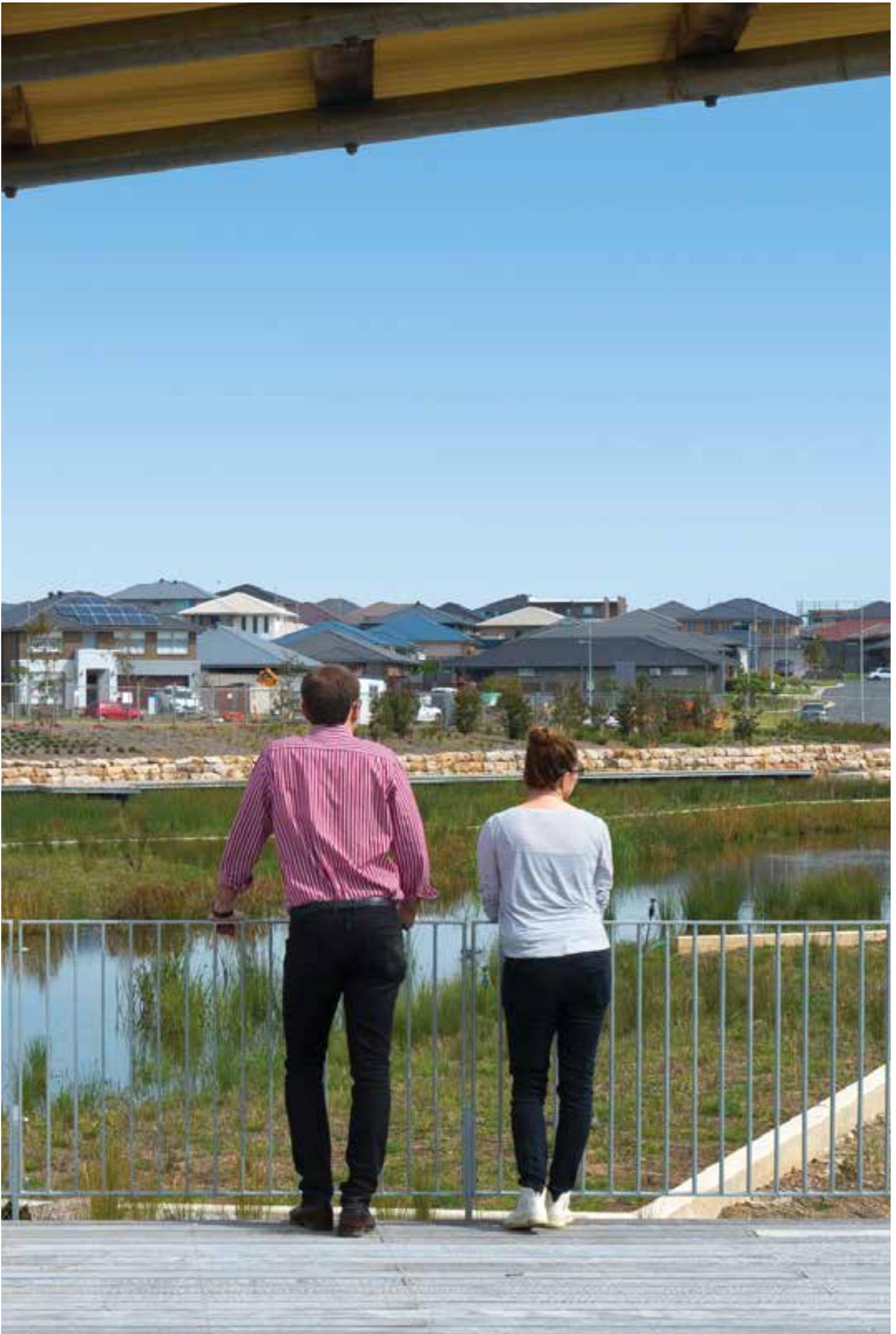
Blacktown City Council and various agencies, we secured a Subdivision Order from the Minister for Planning. This innovative model allows us to undertake a masterplanned subdivision, create new housing supply, and return development proceeds to the owners. It's a significant breakthrough – not only for the development of this area, but for many other 'paper subdivisions' in NSW.

We finalised the Sanctuary project in Fletcher with the sale of 335 lots. Overall, the site provided 855 lots, bringing a greater diversity of housing stock and supply for the Newcastle western growth corridor.

At Edmondson Park in Sydney's southwest, we settled the first tranche of the mixed-use town centre, mobilising private sector investment in a 45,000m<sup>2</sup> business district and town square near the rail station. We also settled the balance of our South West Portfolio site sale to Dahua. Together, these sales will deliver more than

2,500 new homes near jobs, shops, transport and community facilities.

Major electrical infrastructure works allowed delivery of 166 lots at Spring Farm and opened access to the final 26-lot precinct. We completed civil construction works at the town centre and commenced the final stage of Liz Kernohan Drive and the haul road for industrial uses. Dedication of these roads in December 2017 will enable settlement of the next stage of land for 335 lots to AV Jennings.



## **Partnering with others to deliver new places and community need**

We continued our work with state agencies to make better use of land and financial resources, and partnered with the private sector to deliver the homes and facilities for new places.

In Oran Park, with our project partner Greenfields Development Company, we finalised the \$4 million town park, and Camden Council opened its \$40 million administration building. Nearby, the Department of Education's development application for Oran Park High School responded to our masterplan vision, with active edges and integration into the regional pedestrian network. The success of the Smart Work Hub at Oran Park also continued, where we doubled overall floor space to provide additional desks, offices and meeting rooms to meet the growing patronage.

In partnership with Western Sydney University at Macarthur Heights, we sold all released lots to market and completed civil works for Stages 1-3 including two intersections and internal roadways providing access to the campus and future community. We also commenced subdivision work for Stage 4, which will supply a further 342 lots.

One of our proudest partnerships is with Ageing, Disability and Home Care. We completed the final 12 of 138 group homes, which will be due for handover in August 2017. Overall, this \$240 million partnership has delivered life-changing accommodation to over 690 people with a disability.

Our work with Land and Housing Corporation is building on the success of One Minto. We are now renewing former social housing sites at Claymore, Airds and Bonnyrigg,

transforming communities with new infrastructure and housing that can deliver lasting social benefits and sustained education and employment outcomes.

We also partnered with Roads and Maritime Services (RMS) to assist the sale of the remaining lot at Wentworth Point by obtaining development approvals for RMS's maritime facilities. Furthermore, we are assisting with a planning proposal to increase housing opportunities within the development site, which, when completed, will feature abundant open space and world-class maritime public domain.

## **Creating new neighbourhoods and places around city-shaping investments**

Following agreement of urban renewal principles with Transport for NSW, preliminary concept plans have been prepared for the 64 hectares of developable government-owned land along the Sydney Metro Northwest corridor. We have also worked with councils and the Department of Planning and Environment to inform rezoning outcomes of Kellyville, Bella Vista, Hills Showground and Cherrybrook Priority Precincts. Further, we have progressed place-making frameworks and activation strategies that will create vibrant places around each station of the \$8.3 billion Sydney Metro Northwest.

In Parramatta North, we invested in critical heritage repair and restoration works, with European and Indigenous archaeological digs bringing the site's pre-European and early colonial history to life. We have also worked with Transport for NSW to plan infrastructure that will connect the site with Westmead Hospital, Parramatta CBD and surrounding suburbs through the Parramatta Light Rail project.

## **Delivering the infrastructure and facilities that new communities need**

Lachlan's Line is well on its way to a new masterplanned community that is the gateway to Macquarie Park. We reached practical completion of the civil and landscaping works, providing necessary lead-in infrastructure such as roads, services, parks and public art to enable the development of the mixed-use precinct. We also progressed the engineering design of the pedestrian bridge connecting to North Ryde Station, and commenced works to add another eastbound lane between the M2 and Lane Cove National Park on Delhi Road.

We matched the opening of a new 69-home display village and high sales activity at Oran Park Town with new facilities, including the \$5 million Grand Prix Park and the town park at the heart of the town centre. We also commenced work on the \$14 million branch library and community resource centre and lodged a development application for more than \$25 million of community facilities.

In nearby Edmondson Park, detailed designs for the embellishment of Mont St Quentin oval commenced. This work will upgrade the oval and playground facilities, and provide a new amenities building.

At The Ponds in Sydney's northwest, we completed the iconic Ponds Parklands, playing fields, the Lake Neighbourhood Centre and the final public artwork installations. The transfer of these assets represents the culmination of almost 10 years of work, resulting in 4,000 new homes on 390 hectares for more than 12,000 residents. The Ponds has been recognised in 15 industry awards and is home to three schools, two recreation areas, seven

neighbourhood parks, two community hubs and more than four kilometres of cycleways.

By undergrounding regional high voltage cabling at Renwick, we enabled construction on the final four precincts of 330 lots, parks and town centre. We completed a community playground and installed services in preparation for construction of the community centre and village retail centre in 2018.

### **Bringing people together to celebrate new places**

We continued programs that bring together local communities to incorporate their needs and views into the planning of neighbourhoods, while actively creating or supporting community building initiatives.

For example, our Discovery Day at Parramatta North, held in May 2017, gave the public access to

archaeological digs and heritage repair works. This followed the 'Sprout' forum in December 2016, which brought together residents, students, state and local government representatives, heritage experts, cultural groups and business leaders to stimulate ideas about the heritage precinct's future.

In March 2017, we celebrated the completion of public spaces at Lachlan's Line with a 'Lights Up' twilight event, attended by more than 1,500 people over two days. The event featured food trucks, light shows, live music and skateboarding exhibitions. We also revealed our centrepiece public artwork, Fiorire in Bloom.

To encourage personal connections between our residents at Thornton, we worked with a community services provider to seed interest-based activities. Regular e-newsletter invitations encourage attendance at social activities such as yoga and

personal training, or specific activities such as the 125th anniversary of the famous match played between the touring English Cricket Team and the local Nepean team in 1892.

Our collaboration with the Department of Education produced a specific primary and secondary school syllabus for Edmondson Park students studying geography and history. This examines Edmondson Park's history including its indigenous heritage, European settlement and military past. This also examines interesting geological, fauna and flora features. This year also saw the unveiling of Caesar the Tracker Dog, a life-like statue at Edmondson Park Station that commemorates the valour of a local military hero, and provides an opportunity for children and the future community to connect with the area's military past.

∨ Discovery Day, Parramatta North



## CBD Projects Portfolio

---

These projects create great places near the centre of our cities. They encourage investment and boost the economic influence of major CBDs. While respecting the identity and culture of the local area, the projects deliver different types of housing alongside transport options, and the important day-to-day facilities and amenities that support productive communities.

---

### Revitalising Newcastle's city centre

During the year, UrbanGrowth NSW and Transport for NSW united their work on the Newcastle Urban Transformation and Transport Program under the Revitalising Newcastle banner. The Program moved through important planning and development milestones and included community engagement programs that significantly shifted public sentiment.

The planning proposal to rezone the former heavy rail corridor was lodged with Newcastle City Council following months of reviews and community engagement. The proposal moved through various stages of local and state government approvals and is expected to be on public exhibition by late 2017.

The program decommissioned all rail infrastructure and overhead bridges of the former heavy rail corridor from Worth Place to Newcastle Station, creating opportunities for new uses. In December 2016, we opened the Market Street Lawn with a free community Summer Fiesta that attracted thousands of people into the city centre. This new space continues

to generate excitement and vibrancy for the city centre with an active program of events.

Also in December, we held an 'Ideas festival' to refine the community's ideas for the Newcastle and Civic station precincts. More than 600 people participated and generated more than 2,000 ideas, which were incorporated into a feedback report released in early 2017.

The NSW Premier announced an agreement between the NSW Government, Hunter Development Corporation, UrbanGrowth NSW and the University of Newcastle for an inner-city campus expansion. The university has commenced masterplanning and is working with the program to manage the design of new spaces. More than 20,000m<sup>2</sup> will attract more than 10,000 students and underpin and sustain the city's urban renewal.

The city's ongoing renewal was further buoyed when UrbanGrowth NSW and The GPT Group took the East End site to the market in September 2016. Sydney developer Iris Capital purchased the site, and has lodged a Stage One development application that includes

the iconic former David Jones building and sets the scene for the revitalisation of the historic East End.

### Collaborating with communities and across government

City shaping programs often require years of close working relationships with communities, local government and other government agencies.

In November 2016, we finalised and released the NSW Government-endorsed *Parramatta Road Corridor Urban Transformation Strategy*, reflecting three years of planning, consultation with local communities, and collaboration with state agencies.

This 30-year strategy details the plans for 27,000 additional homes and 50,000 extra jobs as well as \$198 million for local urban amenity projects. The strategy will be implemented by the Greater Sydney Commission, other state agencies, and local councils, and will breathe new life into the corridor from Granville in the west to Camperdown in the east.

After more than two years of planning, analysis and consultation, we finalised the *Central to Eveleigh Urban Transformation strategy* in November 2016. The Strategy guides the renewal of 50 hectares of government-owned land along and around the rail corridor over the next 30 years, and will deliver more homes alongside better public transport, new parks and community facilities. The vision will be realised through a number of linked, but separate, projects led by different state agencies.

### **Partnering with the private sector to transform Green Square**

The \$8 billion Green Square Town Centre is transforming the industrial edge of Sydney's inner south into a vibrant global village. In partnership with Mirvac, we are delivering the core sites within the town centre including more than 1,650 residential apartments, 44,000m<sup>2</sup> of office space and up to 14,000m<sup>2</sup> of retail space over the next 10 years. Importantly, development contributions include \$78 million towards public infrastructure, \$36 million towards Affordable Housing and \$5 million towards a public park.

During the year, we welcomed residents into Ebsworth, the first residential apartment building. Development continued with a further 302 apartments under construction at the adjoining OVO building. A further 813 apartments are awaiting approval, and 379 apartments are in design development.

The program also advanced its place-making activities. A new Woolworths supermarket opened on the ground floor of Ebsworth, and is the anchor for future retail services. We employed a Place Manager and Green Travel Plan Coordinator to support creative place making and activities including workshops, community days and creative installations. We also opened a temporary community meeting space, The Social Corner, which provides a shared meeting space for residents.

### **Activating great spaces for the community**

Part of our work involves reimagining new uses for spaces and facilities that build on the cultural identity of a place and provide valuable amenity.

For example, in partnership with Carriageworks, we breathed new life into the historic Clothing Store,

a 100-year-old Eveleigh Railway Workshops former uniform shop at North Eveleigh. Following refurbishment works, we have transformed the Clothing Store into a temporary arts and creative, community-focused facility. Seven artists and one architectural studio have taken up residence in space subsidised for the arts community. We also provided opportunities for local community to engage with art and cultural activities.

We also commenced works to restore the external facade of the Chief Mechanical Engineer's Office. The 130-year-old building was the command centre for the Eveleigh Railway Workshops. We will decide the long-term use of the building after consideration of technical and structural constraints, and ideas from the community and other stakeholders.

In our Revitalising Newcastle program, we lodged a development application with council for the restoration and re-use of the former Signal Box and landscaping of the surrounding area. We propose re-using the space for commercial use – most likely a café – as well as creating attractive landscaping including a water feature, paving, new trees and seating options.

∨ Market St Lawn, Revitalising Newcastle



∨ Chief Mechanical Engineers Office, Central to Eveleigh



## The Bays Precinct Sydney

---

We continued to lay the groundwork for the transformation of The Bays Precinct. Several studies and a draft strategic framework are underway.

---

### Planning transport options for the Bays

Late in 2016, the NSW Government announced a new underground metro line to link the Parramatta and Sydney CBDs via The Bays Precinct and a number of other growing communities. Delivery of this metro link is expected within the second half of the 2020s. This will have a significant influence on the precinct's connections.

Technical transport studies are underway looking into all transport modes to understand the solutions that best service the precinct, including pedestrian connections, cycling, bus, light rail and ferry improvements, and upgrades to freight networks.

### Creating a new world-class food and dining destination on Sydney Harbour

In November 2016, we called for Registrations of Interest from the world's best design and engineering experts to design a new and iconic Sydney Fish Market at the head of Blackwattle Bay. Copenhagen-based 3XN Architects was awarded the contract out of a field of more than 60 Australian and international design studios.

In February 2017, we commenced the search for an urban designer to work with community and stakeholders to prepare a masterplan for the Bays Market District – an area encompassing land along Bank Street in Pyrmont and the waters

of Blackwattle Bay. Following this process, we appointed Australian urban designers FJMT to develop the Bays Market District masterplan.

These appointments will help to realise the vision for a world-class food and dining destination on the western side of Sydney Harbour.

### Transforming White Bay Power Station

During the year, UrbanGrowth NSW entered into negotiations with Google Australia for the transformation of White Bay Power Station. Early access to major transport networks was critical to Google's campus development plans. Due to the timing of major transport infrastructure delivery to the Precinct, both parties agreed to cease negotiations.

The NSW Government remains committed to the White Bay Power Station transformation and its role as a technology and innovation hub. Given the iconic nature of the building and its significance to Sydney, the NSW Government will continue with a methodical and considered approach to its redevelopment.

### Engaging communities, government and industry

We continued to build relationships with stakeholders across different channels and forums. We held meetings with The Bays Precinct Reference Group, which has 41 member organisations, including

industry peak bodies, special interest organisations, local businesses, local residents and relevant community groups.

Our engagement with the future workers, residents and visitors for the Precinct remained a focus. We held activities for school and university students including excursions, site tours, case study workshops and presentations. We assisted students from the Executive Masters of Business Administration program at the University of Technology, Sydney with projects that used the White Bay Power Station and the new Sydney Fish Market as case studies.

We continued to work with state agencies in precinct planning activities through different forums including The Bays Precinct Design Directorate. We also collaborated with the City of Sydney and Inner West Council on the Active Recreational Needs Study and Social Infrastructure Assessment.

Our commitment and quality of stakeholder engagement on this complex program was recognised with industry awards by IAP2, the International Association for Public Participation.



## Awards

The following programs or projects were honoured with awards or recognised as finalists during FY16/17.

### International Association for Public Participation (IAP2) Core Values Awards

The IAP2 Core Values Awards recognise outstanding projects and organisations at the forefront of public participation and community engagement. They encourage excellence and innovation in this field.

#### The Bays

Winner – Planning category

#### The Bays

Winner – Project of the year

For more information see:

[www.iap2.org.au/Awards/2016](http://www.iap2.org.au/Awards/2016)  
-Core-Values-Awards



### Urban Development Institute of Australia (UDIA) NSW Awards for Excellence

The UDIA NSW Awards for Excellence highlight innovation, sustainability and industry leadership, and recognise excellence in urban development.

#### Oran Park Town

Finalist – Excellence in Masterplanned Communities (submitted by Landcom and Greenfields Development Company)

#### Parramatta Road Urban Transformation Strategy

Finalist – Excellence in Government Leadership (Submitted by UrbanGrowth NSW and consultants)

For more information see:

[www.udiansw.com.au/pages/awards\\_excellence](http://www.udiansw.com.au/pages/awards_excellence)



### Property Council of Australia National Excellence & Innovation Awards

The National Innovation & Excellence Awards is one of the most prestigious property awards programs in Australia, promoting excellence in design and innovation in the built environment since 1982. The Property Council of Australia aims to showcase superior examples of iconic projects in property development and investment across a broad range of sectors and design disciplines.

#### Sanctuary

Finalist – Best masterplanned community

For more information see:

[www.propertycouncilawards.com.au](http://www.propertycouncilawards.com.au)



### Urban Taskforce | Development Excellence Awards

The Urban Taskforce Development Excellence Awards measure developments across Australia that succeed in design, economic performance, environmental commitment and innovation.

#### Oran Park Town

Winner – Masterplanned communities (July 2017) (Submitted by Landcom and Greenfields)

For more information see:

[www.urbantaskforce.com.au](http://www.urbantaskforce.com.au)





## Embedding a new sustainability strategy and reporting framework

---

We released a new *Draft Sustainability Strategy* for public exhibition after 18 months of extensive research, industry engagement and consultation.

---

The strategy and its reporting framework aims for world-class, net-positive impacts across social, environmental, economic and governance indicators. In the next reporting period, Landcom will replace its current reporting framework with this new strategy.

We also advanced corporate governance in sustainability reporting by becoming members of the Global Real Estate Sustainability Benchmark

(GRESB) and completing our first submission under the 'Real Estate' category. GRESB is an independent and international organisation that benchmarks annual sustainability performance of real asset sector portfolios and assets in public, private and direct sectors worldwide.

At time of publication, we understand UrbanGrowth NSW is the first organisation of its kind to commence this internationally recognised

Environment Social Governance reporting. Performance results are announced in September 2017.

**For more details on the organisation's sustainability performance, view our 2017 Sustainability Report.**

∨ Parramatta Park, Parramatta North



## Improving engagement with communities and stakeholders

We developed an engagement framework to build and strengthen a culture of engagement excellence.

The framework includes our *Engagement Charter*, which expresses our commitment to engagement, continued learning and improvement, and best practice engagement principles.

We also invested in digital communication to broaden our reach and encourage engagement in the planning process of our projects. For example, we developed new project websites that enable stakeholders to participate actively in engagement processes. We also increased our use of video content, and distributed it through social media channels to help promote and share our activities with more people.

### Collaborative learning opportunities

We stepped up our efforts to better engage young people, particularly through our schools and TAFE program, and our landmark Universities Framework Agreement.

In our schools program, we expanded activities to include educational resources and field-based experiential learning in our projects. We also developed strategic relationships with peak educational stakeholders including Principals Association; Geography Teachers Association; History Teachers Association; STEM Teachers Association; Environmental Education Centre networks and the Department of Education.

We established a Memorandum of Understanding with TAFE NSW, (signed in September 2017) which formalises a strategic partnership for innovative and collaborative approaches to skills and trades training on our project sites.

Through our University Framework Agreement, we now have in place a University Roundtable, the University Advisory Group and six core areas of engagement. These areas include research, which is operationalised through a Communities of Practice program, industry interface, specialist scholarly advice, student engagement, data sharing and learning events.

∨ Community Consultation, The Bays Precinct



# Looking ahead to FY17/18

---

The Corporation's transition to Landcom  
will occur during FY17/18.

---

The refocused strategic direction responds to our Statement of Priorities, issued by the Minister for Planning and Housing, The Hon Anthony Roberts MP, and focuses our activities on supporting the NSW Government's housing affordability agenda.

To guide our day-to-day activities, the Board has endorsed a new organisational strategy, *Our Strategic Directions*. This document establishes nine objectives under the three strategic directions of Housing, Partnerships and Leadership, and provides the focus areas over the next three to five years.

You can view these objectives at [www.landcom.com.au](http://www.landcom.com.au)

## Reassigning the portfolio to three entities

As highlighted in the Chairman's letter, UrbanGrowth NSW's portfolio has been reassigned to Landcom, UrbanGrowth NSW Development Corporation (UGDC), and the Hunter Development Corporation (HDC).

Landcom will continue to function as a state owned corporation, reporting to the Minister for Planning, and two Shareholder Ministers. Its strategic direction will respond to new Statement of Ministerial Priorities, and activities focused on housing, in particular supply, affordability and diversity in projects underpinned by industry-leading sustainability principles.

Landcom's portfolio will include greenfield residential developments, Green Square Town Centre, Sydney Metro Northwest, Lachlan's Line, Wentworth Point, and projects on behalf of NSW Land and Housing Corporation and the Australian Defence Housing Corporation.

This new direction recognises Landcom's substantial record of accomplishment, particularly since corporatisation in 2002.

UGDC will report to the Premier of NSW. It will focus on complex, large-scale urban transformation projects that require a coordinated approach across multiple agencies. Project include The Bays Precinct, Parramatta North and Redfern to Eveleigh and Waterloo. This work will reflect the NSW Government's priorities of job creation, housing supply, economic growth and sustainability.

The HDC now manages the revitalisation of Newcastle's city centre and will continue to work with Transport for NSW, Newcastle City Council, the local community and other stakeholders.

The separation of these projects into the three entities will result in the decommissioning of the UrbanGrowth NSW brand. Therefore, this will be the last Annual Report by Landcom trading as UrbanGrowth NSW.

## Sourcing new opportunities to meet supply housing supply targets

UrbanGrowth NSW successfully transitioned from housing supply through greenfields projects to focus on large urban infill and regeneration projects. Consequently, Landcom's land reserves have decreased. Beyond using our remaining land bank to deliver against the 20k home site target by 2019, we will need to establish a new pipeline of development projects while meeting increased housing supply and affordability targets. Landcom will work with State and Federal agencies

and the private sector to identify and unlock development opportunities.

## Responding to moderate income housing needs when land prices are high

The price of land across NSW, and Sydney specifically, has risen considerably and had a major impact on affordability for many households. New approaches to address housing affordability, particularly for people on moderate incomes or entering the market for the first time include the supply of smart and compact housing.

Landcom will increase its industry leadership to encourage innovation

and increased housing supply that meets market demand in product type, location and price. It will do this through collaboration with industry and government at all levels to demonstrate proof of concept. This includes demonstrating different housing typologies, alternative construction methodologies and housing tenures to address the affordability of housing in areas well serviced by amenity, transport and jobs.

∨ Housing, Macarthur Heights



# Corporate activities

Our ambition is to transform city living by creating world-class urban areas that are vibrant, connected, competitive and resilient places to live and work.

## Our charter and function

Landcom, trading as UrbanGrowth NSW, is a state owned corporation operating under the *Landcom Corporation Act 2001*.

Our ambition is to transform city living by creating world-class urban areas that are vibrant, connected, competitive and resilient places to live and work. We act as the master developer on complex urban transformation projects, which contain government-owned land and support critical infrastructure and economic clusters.

The NSW Government has established five key priorities for UrbanGrowth NSW as it undertakes its tasks through a *Ministerial Statement of Priorities*:

1. Drive increases in the supply of housing and jobs.
2. Strengthen the NSW economy by delivering world-class centres that attract investment and boost productivity.
3. Optimise public investment in infrastructure through integrating land use and transport planning.

4. Operate on a commercially astute basis, seeking a fair return for taxpayers.
5. Promote public sector innovation through collaborating across government, the private sector and the community in the delivery of the portfolio.

*Note: The corporation (Landcom), will be issued in the period ahead with a new Statement of Ministerial Priorities, which aligns to the new government mandate.*

## Principal objectives

**Our principal objectives under the Act are:**

- a. to be a successful business and, to this end:
  - i. to operate at least as efficiently as any comparable businesses, and
  - ii. to maximise the net worth of the state's investment in us.
- b. to exhibit a sense of social responsibility by having regard to

the interests of the community in which we operate

- c. to protect the environment by conducting our operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*
- d. to exhibit a sense of responsibility towards regional development and decentralisation in the way in which we operate
- e. to undertake, or assist the government in undertaking, strategic or complex urban development projects
- f. to assist the government in achieving its urban management objectives
- g. to be a responsible developer of residential, commercial and industrial land.

## Board of Directors, meetings and committees

### Board of Directors

Under the Act and the Landcom constitution, the Board consists of up to seven Directors. During the year, one vacancy was created by the retirement of Robert Hamilton, who had served as a director for five years. Jim Betts was subsequently appointed by the Governor of NSW on the recommendation of the Shareholder Ministers and after consultation with the Portfolio Minister.

#### During the reporting period, the Directors were:

---

• **John Brogden AM**  
Chairman

---

• **Robert Hamilton**  
(retired 7 December 2016)

---

• **Jim Betts**  
(appointed 31 May 2017)

---

• **Suzanne Jones**

---

• **Prof. Ken Maher**

---

• **Gai McGrath**

---

• **Karen Penrose**  
(retired 31 July 2017)

---

• **Matthew Quinn**

---

#### The gender breakdown for the Board at the start and end of the reporting period was:

	1 July 2016	30 June 2017
Female	43%	43%
Male	57%	57%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The Board's Charter sets out the duties, independence and ethical standards, and expectations of individual Directors, including procedures for declaring conflicts of interest.

The Board determines the composition and membership of its committees. Each committee sets, reviews and updates its Charter which are reviewed and approved by the Board.

### Board meetings

The Board customarily meets each month, and holds additional meetings as required. During FY16/17 the Board met 14 times. Attendance is set out on page 40.

### Committee meetings

To assist the Board in discharging its functions and to allow a more detailed enquiry of areas of finance, risk, audit, human resources and governance, the following committees were operational during FY16/17:

- Audit and Risk Management Committee
- Remuneration Committee\*
- Human Resources Committee.\*

Each committee has a clear charter setting out its roles, responsibilities and delegated authority from the Board. The Board Charter and Board Committee Charters are regularly reviewed and updated.

The membership of each committee is reviewed annually. Directors' membership of the committees at the end of the reporting period was as follows:

#### Audit and Risk Management Committee

- Karen Penrose, Chair
- Prof. Ken Maher (member until 29 August 2016)
- Matthew Quinn
- Suzanne Jones (member from 29 August 2016)

#### Remuneration Committee\*

- All Directors

#### Human Resources Committee\*

- Gai McGrath, Chair
- Karen Penrose
- Matthew Quinn

\* The Remuneration Committee was reconstituted and replaced by the Human Resources Committee in March 2017. All Directors were members of the Remuneration Committee and thus eligible to attend the only meeting of that Committee during the reporting period.

The below table sets out Director's attendance at Board and Board Committee meetings for the reporting period.

Director	Board meetings		Audit and Risk Management Committee meetings		Human Resources Committee* meetings	
	A	B	A	B	A	B
John Brogden <sup>1</sup>	9	10			0	1
Jim Betts <sup>2</sup>	1	2			0	0
Robert Hamilton <sup>3</sup>	6	7			0	1
Suzanne Jones	13	14	4	4	0	1
Prof. Ken Maher	12	14	1	1	0	1
Gai McGrath	14	14			2	2
Karen Penrose	13	14	5	5	1	2
Matthew Quinn <sup>4</sup>	11	13	4	5	1	2

A: Meetings attended, B: Meetings eligible to attend

<sup>1</sup>Mr Brogden was on an approved leave of absence for four of the 14 Board meetings.

<sup>2</sup>Mr Betts was appointed to the Board on 31 May 2017.

<sup>3</sup>Mr Hamilton retired from the Board on 7 December 2016.

<sup>4</sup>Mr Quinn attended one Board meeting in the capacity of an observer as a result of a brief hiatus between the expiry of his term and his reappointment as a Director.

## Measuring performance

We consider ourselves successful if we meet our goals as outlined in our Ministerial Statement of Priorities (see page 38).

### Board - performance review

The Board periodically reviews its performance to determine the extent to which it has met its responsibilities under its Charter and to identify opportunities for improvement. A review may also encompass the performance of the Board's committees or of individual Directors.

The Board approves a process for the review, which may include its scope, performance measures (qualitative or quantitative), and whether to engage an independent consultant to conduct the review. Whilst a formal review has not recently been conducted, the Board plans a formal review of its performance to be undertaken in the next period.

### Staff - performance management system

Performance management is a highly collaborative process between an employee and manager, with a shared accountability for success.

There are three sections to the UrbanGrowth NSW performance management and performance development plan process.

#### 1. Performance Review

The Performance Review process is designed to assess individual performance against agreed KPIs.

#### 2. Key Performance Indicators (KPIs)

KPIs provide the framework through which employees and managers can identify and agree on performance objectives going forward.

#### 3. Performance Development Plan (PDP)

A PDP helps identify key strengths and development opportunities to build on skills, experience and knowledge.



## Risk management

### Risk management

We are committed to good corporate governance and adopt a methodical approach to the process and practice of risk management. Our risk framework is consistent with the Australian/New Zealand Risk Management Standard AS/ NZS ISO 31000:2009 and embodies the business principles approach to corporate objectives.

Our risk management framework aims to provide clarity on our appetite and limits for business risk, raise risk awareness throughout the organisation and provide the framework, policies and procedures required to successfully manage the risks inherent with our business.

To ensure our risk management process continues to work effectively and creates value, we:

- ensure the Board, Chief Executive Officer, Executive Management Team and all staff have made a commitment to risk management
- continuously enhance the integration of risk management processes within our business processes
- assign risk management responsibilities within the organisation

review our risk management framework to continually improve our processes and ensure they provide clear, consistent methodology, reporting and auditing tools.

Significant improvements have been made to the awareness, management and reporting of risk in key areas of the business such as:

- workplace health and safety
- projects risks
- information and communications
- fraud and corruption prevention.

The risk management framework also provides for appropriate processes to govern, review and audit our risks. These include:

- regular risk reviews by the full Board and the Audit and Risk Management Committee of the Board
- an internal audit program supported by reviews by independent certifiers
- reviews of our business partners capacity and ability to meet their obligations. Depending on the role of those partners these reviews may include financial capacity, safety and risk management abilities, compliance with Government procurement guidelines and other measures as appropriate.

The Board's Audit and Risk Management Committee consists of non-executive Directors and is attended by management representatives as well as independent experts and observers. The Committee regularly considers risk matters arising from internal and external audits as well as independent assessments of performance against key risk management systems such as Work Health and Safety Management System, Environmental Management

System, Fraud Control Framework and others.

### Business continuity

Our Business Continuity Plan is designed to minimise adverse impacts on our staff, stakeholders and business operations in the event of a major incident or crisis.

Our Business Continuity Framework is regularly reviewed to improve processes and ensure that we have the resources and capability to respond to an event that could disrupt or threaten our business. Our Framework identifies critical business processes and scenarios that could disrupt our business, and includes business continuity recovery plans and periodic testing of recovery plans.

### Insurance

The NSW Treasury Managed Fund provides our insurance cover. This fund is based on the principles of self-insurance, and prioritises the implementation of sound risk management practice. The self-insurance scheme is administered by GIO General for risks relating to motor vehicle, property, public liability and director/officer liability. Workers Compensation Insurance is administered by Allianz Australia under the Treasury Managed Fund.

We completed our FY17/18 Renewal Declarations for the Treasury Managed Fund in December 2016 and all policies have been renewed for the current policy period. We are currently renewing policies for the upcoming policy period.

## Public access to information and the protection of privacy

### Government Information (Public Access) (GIPA) – Formal access applications

During the reporting period, we received 12 valid formal access applications under the Government Information (Public Access) Act 2009 (GIPA Act). One invalid application received in FY16/17 became valid in FY17/18, after the applicant complied with the formal requirements under

Section 41 of the GIPA Act. Three applications were withdrawn at the applicants' request.

The processing period in the GIPA Act allowed for three applications received in FY15/16 to be carried into FY16/17. The processing period also allowed for two applications received in FY16/17 to be extended into FY17/18.

In FY16/17, nine applications were decided as follows:

- Two applications were granted in full.
- Seven applications were partly refused because:

- some of the information was not held
- some of the information was already publicly available
- there was a conclusive presumption of overriding public interest considerations against disclosure (as listed in Schedule 1 of the GIPA Act)
- there were overriding public interest considerations against disclosure of some of the information (as listed in the Section 14 GIPA Act Table).

The following tables contain statistical information about the formal access applications received in FY16/17.

**Table A | Number of applications by type of applicant and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	2	0	1	1	0	0	0	3
Private sector business	0	1	0	0	0	0	0	0
Not for profit organisations or community groups	0	1	0	1	1	0	0	0
Members of the public (application by legal representative)	3	2	1	1	1	0	0	0
Members of the public (other)	0	2	0	0	1	0	0	0

**Table B | Number of applications by type of application and outcome**

Personal information applications	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	5	6	2	3	3	0	0	3
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

**Table C | Invalid applications**

Reason for invalidity:	Number of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	1
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	1

**Table D | Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA Act**

	Number of times consideration used
Overriding secrecy laws	0
Cabinet information	2
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

**Table E | Other public interest considerations against disclosure: matters listed in table to section 14 of the GIPA Act**

	Number of occasions when application not successful
Responsible and effective government	5
Law enforcement and security	0
Individual rights, judicial processes and natural justice	5
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	2
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F | Timelines**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	9
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>9</b>

**Table G | Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)**

	Decision varied	Decision upheld
Internal review	0	0
Review by Information Commissioner	0	0
Internal review following recommendation under section 93 of GIPA Act	0	0
Review by NSW Civil and Administrative Tribunal	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

**Table H | Applications for review under Part 5 of the GIPA Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the GIPA Act)	0

### Authorised Proactive Release of Information Under S.7 (3) of GIPA Act 2009

Under section 7 of the GIPA Act, agencies must identify the kind of government information that can be made publicly available at least every 12 months.

UrbanGrowth NSW's program for the proactive release of information involves regularly updating the UrbanGrowth NSW website, the Landcom website and individual project websites to provide information regarding policies, projects and initiatives. We also consider publishing information about the community consultations we undertake and other commonly requested categories of information and the impact, if any, of proactively releasing this information.

### During the year, UrbanGrowth NSW:

- considered the formal access applications received
- considered the informal applications received
- determined that there were no particular additional categories of information that were being regularly or repeatedly requested in the formal applications
- reviewed and consulted with staff about information and categories of information that are frequently requested or which have been proactively released in FY16/17
- undertook further consultation through team meetings, GIPA briefings and updates
- discussed with the Right to Information Officers of other State owned corporations the categories of information they proactively release.

Where we can, we share our knowledge freely within government, throughout the development industry and among interested members of the public. We have adopted this practice as an effective way to build and maintain credibility. Our decision to share our intellectual property is also an effective way for us to demonstrate and influence change.

We will review this requirement for proactive release of information within the next 12 months.

## Privacy

We are committed to ensuring that individual privacy is protected and our activities comply with the Privacy and Personal Information Protection Act 1998 (NSW) (PIIP Act) and the Privacy Amendment (Private Sector) Act 2000 (Commonwealth).

Our privacy management plan is based on 12 information protection principles of the PIIP Act, which establish standards for using personal information. These are:

- **PRINCIPLE 1 (S.8 PIIP Act)**  
Collection of personal information for lawful purposes
- **PRINCIPLE 2 (S.9 PIIP Act)**  
Collection of personal information directly from the individual
- **PRINCIPLE 3 (S.10 PIIP Act)**  
Requirements when collecting personal information
- **PRINCIPLE 4 (S.11 PIIP Act)**  
Other requirements relating to collection of personal information
- **PRINCIPLE 5 (S.12 PIIP Act)**  
Retention and security of personal information
- **PRINCIPLE 6 (S.13 PIIP Act)**  
Information about personal information held by agencies
- **PRINCIPLE 7 (S.14 PIIP Act)**  
Access to personal information held by agencies
- **PRINCIPLE 8 (S.15 PIIP Act)**  
Alteration of personal information
- **PRINCIPLE 9 (S.16 PIIP Act)**  
Agency must check accuracy of personal information before use
- **PRINCIPLE 10 (S.17 PIIP Act)**  
Limits on use of personal information
- **PRINCIPLE 11 (S.18 PIIP Act)**  
Limits on disclosure of personal information
- **PRINCIPLE 12 (S.19 PIIP Act)**  
Special restrictions on disclosure of personal information.

There were no complaints about the use of personal information during the reporting year.

Our Right to Information Officer and Privacy Coordinator can be contacted in writing:

### The Right to Information Officer and Privacy Coordinator

UrbanGrowth NSW  
PO Box 237  
Parramatta NSW 2124  
or by emailing:  
[righttoinfo@urbangrowth.nsw.gov.au](mailto:righttoinfo@urbangrowth.nsw.gov.au)  
or [enquiry@urbangrowth.nsw.gov.au](mailto:enquiry@urbangrowth.nsw.gov.au)

## Public Interest Disclosures Act 1994

The following table contains information about our obligations under Section 31 of the Public Interest Disclosures Act (PID Act).

### Section 31 Report

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials making a public interest disclosure	0	0	0
Number of public interest disclosures we received relating to:	0	0	0
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste of public money	0	0	0
Government information contraventions	0	0	0
Local government pecuniary interest contraventions	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Number of public interest disclosures we finalised	0		
Whether we have a public interest disclosures policy in place	Yes		
Action taken by us to ensure that our staff awareness responsibilities under s 6E(1)(b) of the PID Act have been met	Management training by the NSW Ombudsman, portfolio & staff briefings, inductions and team meetings, intranet notices introducing UrbanGrowth NSW's updated PID & Internal Reporting Policy		

## Legal events

### Lachlan's Line – defending a review of a GIPA Act decision sought by Meriton

On 5 April 2016, Meriton filed an application at the NSW Civil & Administrative Tribunal, seeking a review of UrbanGrowth NSW's GIPA Act decision. On 7 March 2017, Senior Member Montgomery handed down his decision, which affirmed UrbanGrowth NSW's original GIPA Act decision that the public interest considerations against disclosure of the information outweighed the considerations in favour of disclosure and that the information should not be released.

### Hunter Development Corporation v Save Our Rail Court of Appeal Proceedings

In December 2014, UrbanGrowth NSW facilitated Hunter Development Corporation's (HDC) participation and funded the cost of litigation after proceedings were commenced against Transport for NSW and HDC by the Save Our Rail group against the closure of part of the Newcastle heavy rail line. Save our Rail sought to challenge the NSW Government's authority to remove heavy rail infrastructure between Newcastle and Wickham without an Act of Parliament.

After the Supreme Court ruled that the NSW Government needed to pass an Act of Parliament, Transport for NSW and HDC appealed, with the Court of Appeal handing down its judgement on 10 November 2015 in favour of Transport for NSW and the NSW Government parties, and ordering Save Our Rail to pay Government costs.

Save Our Rail subsequently filed a motion in the High Court to have the Court of Appeal Decision set aside. On 15 June 2017, judgment for the High Court special leave application was handed down with Save Our Rail's special leave application being dismissed with costs.

### Thornton North Penrith No. 3 Pty Limited v Landcom Supreme Court Proceedings

On 15 May 2017, Thornton North Penrith No. 3 Pty Limited (TNP) filed Supreme Court proceedings against UrbanGrowth NSW. TNP alleges that UrbanGrowth NSW breached an obligation under a contract for sale which required UrbanGrowth NSW to install sewer lines within the road reserve adjacent to land purchased by TNP from UrbanGrowth NSW at the Thornton estate in North Penrith. The proceedings are ongoing.

### Legislative Changes

On 15 March 2017, the Administrative Arrangements (Administration of Acts—Amendment No 1) Order 2017 reallocated UrbanGrowth NSW Development Corporation to the administration of the Premier. As a result, UrbanGrowth NSW is being separated into two entities, Landcom and UrbanGrowth NSW Development Corporation.

The separation is designed to refocus and better align each organisation so they can deliver on their core business on behalf of the NSW Government. The separation of UrbanGrowth NSW into Landcom, which will continue to function as a State owned corporation, and UrbanGrowth NSW Development Corporation, is expected to be finalised in 2017/18.

In addition, legislative changes have impacted on UrbanGrowth NSW conveyancing practices, such as new unfair contracts laws, tax requirements for land transactions with foreign residents and identity verification rules. In the light of these changes, UrbanGrowth NSW reviewed its conveyancing documentation and practices and made required changes to ensure compliance and best practice.

## Work health and safety

UrbanGrowth NSW's approach to Work Health and Safety (WHS) is about caring for others and ourselves so that we can be productive, healthy and safe. This means we all go home at

the end of every day to the people and things that are important to us.

We recognise that everyone at UrbanGrowth NSW plays a part in creating a safety culture that actively identifies and manages risks. The health and safety of employees, contractors or members of the public should never be compromised. We hold ourselves to account for our actions and respectfully challenge others if safety standards and behaviours are not being maintained.

To this end, during the reporting period the WHS Committee and Executive Management team strengthened our commitment to WHS by:

- updating the WHS Policy and Procedures
- delivering new WHS training
- implementing a new incident reporting system
- improving risk management through revised processes and tools
- launching our Health + Employee Wellness Program
- adding additional resources to expand the capability of our WHS team.

During the reporting period, UrbanGrowth NSW did not have any prosecutions under Workplace Health and Safety Act 2011 or NSW WHS Regulations 2011. There were no reported injuries to any UrbanGrowth NSW employees during the reporting period.

The following injuries were reported by contractors undertaking works on UrbanGrowth NSW sites:

- One Lost time Injury (three days) from a cut to a finger from a hacksaw
- Four Medically Treated Injuries:
  - Hairline fracture to an ankle when material collapsed in a trench
  - Crush injury to a hand when caught between pre-cast concrete panels
  - Cut on the lower leg from protruding steel that required eight stitches
  - Removal of a foreign body from eye.



## Multicultural policies and services program

### Ethnic affairs priorities statement

The NSW Government recognises and values the different linguistic, religious, racial and ethnic backgrounds of all the people in NSW and requires agencies, including UrbanGrowth NSW, to prepare Ethnic Affairs Priorities Statements to recognise multiculturalism.

Our Ethnic Affairs Priorities are delivered through community consultation before and during

the development and marketing/ sales phases of projects. We communicate with the community through our Community Welcome and Development Programs and through stakeholder engagement programs.

Our Community Welcome program provides services and welcome visits to the homes of customers who move into our developments. Welcome kits provided to new residents include information about local culturally and linguistically diverse (CALD) organisations, services for CALD residents and information on how to access free interpreter services.

Over the past year, program facilitators contacted more than 1,500 households in eight new housing developments. One Minto, Edmondson Park and Potts Hill developments have high proportions of CALD residents. Our initiatives to assist community members and bring different community groups together included culturally themed welcome events, Harmony Day events, culturally appropriate catering and employing staff from CALD backgrounds.

Harmony Day events were held in March 2017 as part of our programs in Penrith, Bankstown and Campbelltown.

Ethnic Affairs Initiative	Key Result Area	Strategies/ Tasks	Responsibility
Develop and implement stakeholder consultation plans.	Social Justice [1.9 Planning for Cultural Diversity]	Provide consultation opportunities at project planning stages, via Welcome Programs or Community Development activities.	Head of Corporate Affairs
Provide information about interpretive and translation services in all relevant UrbanGrowth NSW marketing and sales material.	Social Justice [1.7 Access to Interpreters and Translators]	Review current marketing and sales material for appropriate information.	Head of Corporate Affairs
Use ABS Census data to identify languages spoken by emerging communities in UrbanGrowth NSW projects.	Social Justice [1.7 Access to interpreters and translators]	Arrange for access to interpretive and translation services at Community Development and Community Engagement events and activities.	Head of Corporate Affairs
CALD community based organisations actively encouraged to tender for UrbanGrowth NSW Welcome Programs in new estates.	Social Justice [1.9 Planning for Cultural Diversity]	Facilitate information sessions prior to the expressions of interest process (EOI), outlining the role and benefit of UrbanGrowth NSW Welcome Programs.	Head of Corporate Affairs
Identify strategies to increase participation by CALD residents in UrbanGrowth NSW Welcome Programs.	Social Justice [1.9 Planning for Cultural Diversity]	Undertake consultation with CALD residents in established UrbanGrowth NSW communities.	Head of Corporate Affairs
Develop strategic partnerships with CALD community based organisations for delivery of Community Development initiatives in UrbanGrowth NSW estates.	Community Harmony [2.1 Community Development]	Invite CALD organisations to submit proposals for Community Development initiatives in UrbanGrowth NSW estates.	Head of Corporate Affairs

These celebrated each community's diversity and multiculturalism.

To better inform these activities, we survey new residents to capture basic demographic information and obtain feedback on our sales and marketing processes. The survey asks residents for information on their country of birth to help us prepare future sales and marketing campaigns and community development programs.

Our communications and stakeholder engagement staff provide guidance to project teams on community engagement. Our Stakeholder

Consultation Workbook suggests ways to engage members of ethnic minority groups, including the provision of interpreters and written translation services.

We prepare promotional materials and engagement activities for residential developments that include information about the availability of interpreter and translation services. We display posters detailing the Department of Immigration and Multicultural Affairs' translating and interpreting services in sales offices. Where appropriate, marketing campaigns for individual projects target specific CALD groups

identified through market research as potential purchasers.

We select staff on merit and advocate for the principles of cultural diversity. In addition, our staff training incorporates cross-cultural components. Over the next two years, we will continue to implement and review our performance against our Ethnic Affairs Priorities Statement.

Resources/ Budget	Performance Indicators	Report FY16/17	Goals for FY17/18
Division budget	100% of projects	100% of current projects implemented community consultation activities	100% of current projects to report on implemented community consultation activities
Marketing budget	Review completed (timeliness)	Translating and interpreting services information provided in all sales offices. Interpreters used for specific community meetings	Provide references to translation and interpreting services in marketing and community information.
Project budgets	Annual review of ABS census data (timeliness)	Census and project survey data reviewed for UrbanGrowth NSW projects to identify major CALD Communities	Initiate a minimum of one Community Development project or event in each Welcome Program that addresses the needs and interests of identified CALD groups
Project budgets	Number of CALD community based organisations submitting EOIs for the delivery of new Welcome Programs	A CALD community based organisation (Macarthur Diversity Services Inc) is delivering UrbanGrowth NSW Welcome Programs at Minto and Macarthur Heights	Encourage CALD community based organisations to tender for delivery of UrbanGrowth NSW Welcome Programs in projects with anticipated high percentage of CALD residents
Marketing and/or project budgets	Consultation undertaken with CALD residents and strategies included in project based community activities (timeliness)	Harmony Day and cultural activities delivered in UrbanGrowth NSW projects with a high percentage of CALD families and young people (Minto, Potts Hill and Edmondson Park)	Plan and deliver specific initiatives for CALD families and young people in Welcome and Community Development programs
Division budget	Partnerships established and maintained	Macarthur Diversity Services Inc delivered a range of Community Development initiatives (playgroups, environmental education etc) in UrbanGrowth NSW Minto and Macarthur Heights projects	Continue to develop partnerships that enable Community Development programs to better address the needs of CALD residents in UrbanGrowth NSW communities

## Workforce diversity performance

### Workforce diversity

In FY16/17, we undertook the following initiatives:

- We held 11 Leadership courses with 31 attendees including 26 Senior Managers completing the Foundations of Directorship Program with the Australian Institute of Company Directors (AICD). This program focused on governance, finance, strategy and risk.
- We held 32 Professional Development workshops with 329 attendees with new programs focused on project management capability and building stakeholder relationships.
- Change Management training to assist with our organisational transition was offered to both staff and managers. Seven courses were held with 71 attendees.

- In March 2017 we launched Health+ Employee Wellness Program providing a range of tools, resources and services. The program currently consists of:

- Employee Assistance Program
- Fitness Passport
- Free annual flu shots
- Health+ Lunchtime Series (topics included Healthy Lifestyles and Building Resilience)
- Work|Life Links.

The 2016 Graduate Program launched in February 2016 has resulted in six of the seven graduates being offered employment as Development Assistants. The graduates developed critical capabilities, practical experience, appropriate behaviours and leadership insight, and built an in-depth understanding of the organisational operations. The program was updated to involve three rotations over an 18-month period, across a number of projects.

### Trends in the Representation of Workforce Diversity Groups

Workforce Diversity Group	Benchmark	2015	2016	2017
Women	50%	47.3%	48.8%	50.8%
Aboriginal and/or Torres Strait Islander People	3.3%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	23.2%	17.9%	20.2%	20.2%
People with a Disability	N/A	2.9%	2.4%	2.4%
People with a Disability Requiring Work-Related Adjustment	N/A	0.5%	0.4%	0.4%

**Note 1:** The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

**Note 2:** The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

**Note 3:** A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does

not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

**Note 4:** Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for People with a Disability or for People with a Disability Requiring Work-Related Adjustment.

## Addressing discrimination in the workforce

UrbanGrowth NSW does not tolerate discrimination in the workplace. We have the following measures in place to educate staff and address issues.

- Refresher Equal Employment Opportunity Awareness/ Harassment and Bullying Prevention training was rolled out across the organisation with 14 sessions held for managers and staff with 213 attendees.
- All new employees are inducted on their first day on matters relating to employment conditions, workplace practices and policies which include fair treatment, grievance procedures, anti-bullying and harassment.
- Our policies and procedures provide clear guidelines for a discrimination-free environment.
- Staff surveys are conducted to enable open and honest feedback on topics including discrimination.
- An employee assistance program is in place to provide staff with external support and advice if required.
- Any issues raised by staff are considered as a matter of priority and appropriate action is taken.

## NSW Government Action Plan for Women

We have met the objectives of NSW Government's Action Plan for Women by:

- combining our Personal and Professional Lives Successfully program was piloted with our project communications teams. It was held over a six month period with monthly topics tailored specifically to support working parents in our organisation.
- ensuring flexible working arrangements including job share, working from home, inter-office work locations and part time employment.
- promoting achievements via the performance management process, reward and recognition program and internal communications.

## Our guarantee of service

### Code of Conduct

UrbanGrowth NSW places paramount importance on integrity, probity and the promotion of a positive and responsive attitude. The Code of Conduct supports these values and is issued with the full support of the UrbanGrowth NSW Board and the Chief Executive Officer. The Code of Conduct provides an ethical framework for the way in which we conduct our business and contains a set of general business ethics. It applies to all staff members, directors, contractors, consultants and agency staff engaged by UrbanGrowth NSW.

New employees are required to sign an acknowledgement form which accompanies the Code to confirm that they understand our ethics standards. Existing employees are asked to reaffirm their understanding of the Code on each and every occasion they log into UrbanGrowth NSW's IT systems, and also whenever amendments are made to the Code of Conduct.

### Implementing our values

To deliver our important mandate of creating great destinations that will transform Sydney, NSW and Australia, we have maintained a strong and cohesive working environment where we treat each other with respect and hold each other to the highest standards. This is all part of our culture of excellence that is built on our core values of 'Visionary', 'Courageous', 'Collaborative' and 'Accountable'.

### Compliments and complaints feedback system

We welcome feedback from stakeholders and have policies and procedures in place to guide staff on their responsibilities if a compliment or complaint is made.

We also provide advice to our customers and stakeholders on how to submit feedback and the procedures we follow if they choose to submit it.

Senior management reviews complaints to determine if there is cause to implement corrective or preventative action. Most compliments and complaints are dealt with within seven days

During the year, we updated our policies and procedures, and introduced a new complaint management system, and regular reporting to the Board. We received 20 complaints and 19 compliments.

#### FY16/17 Complaints Register

Category of complaint	Complaints
Building and construction	8
General customer service	4
Marketing/sales	4
Environment	3
Community events/site visits	1
<b>Total</b>	<b>20</b>

#### FY16/17 Compliments Register

Category of compliment	Compliments
Building and construction	
General customer service	7
Marketing/sales	
Environment	
Community events/site visits	12
<b>Total</b>	<b>19</b>

## Procedures for shareholder and employee consultation and feedback

We have procedures for our Portfolio and Shareholder Ministers to provide recommendations, feedback or direction to the Board and senior management. The Portfolio Minister provides a statement of priorities for the Board which the Board considers in preparing the corporate plan. Members of senior management meet with the Portfolio Minister regularly to discuss progress against corporate objectives and Shareholder Ministers are also invited to discuss corporate performance.

All Division Heads and General Managers hold regular meetings to discuss issues with their staff. Significant issues are reported to the Chief Executive Officer monthly by each Division Head or General Manager. Any matters arising that require the Board's attention are reported by the Chief Executive Officer in his regular update, which is a standing agenda item for every scheduled Board meeting.

## Executive positions

Total remuneration for senior executives is calculated as the sum of the cost of employment, including contributions to a superannuation scheme by UrbanGrowth NSW and novated lease payments for a motor vehicle, where such an option has been exercised. The Chief Executive Officer's performance is reviewed on a half yearly basis by the Chairman, who reports the outcome of his review to the Remuneration Committee. The Chief Executive Officer reviews the performance of each of the Executive Management Team on a half-yearly basis with the findings from the annual review reported to the Human Resources Committee.

9.50% of UrbanGrowth NSW employee related expenditure in 2017 was related to senior executives, compared with 10.96% in 2016.

Band	2017		2016	
	Female	Male	Female	Male
Band 4 (Secretary)	0	1	0	1
Band 3 (Deputy Secretary)	3	3	2	5
Band 2 (Executive Director)	0	0	1	1
Band 1 (Director)	0	0	0	0
<b>Totals</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>7</b>
	<b>7</b>		<b>10</b>	

Band	Range	Average Remuneration	
		2017	2016
	\$	\$	\$
Band 4 (Secretary)	452,251 - 522,500	500,000	546,326
Band 3 (Deputy Secretary)	320,901 - 452,250	397,304	382,558
Band 2 (Executive Director)	255,051 - 320,900	0	304,681
Band 1 (Director)	178,850 - 255,050	0	0

## Board Remuneration

Board	Salary	Audit & Risk Management Committee	Green Square PCG	Design Directorate	Major Projects Committee	HR Committee	Super	Total
	\$	\$	\$	\$	\$	\$	\$	\$
John Brogden	68,764	-	-	-	-	-	6,352	75,116
Jim Betts	0	-	-	-	-	-	-	0
Robert Hamilton	17,347	-	8,739	8,739	1,192	-	3,422	39,440
Suzanne Jones	40,629	3,658	-	-	2,674	-	4,461	51,422
Ken Maher	39,564	669	-	24,914	1,780	-	6,358	73,286
Gai McGrath	40,629	-	-	-	-	5,372	4,370	50,372
Karen Penrose	51,469	6,133	-	-	-	3,576	5,811	66,989
Matthew Quinn	39,564	4,246	-	-	-	3,576	4,502	51,887

## Miscellaneous activities

### Promotion

During the reporting period our promotional activities increased awareness and encouraged public participation that informs our projects. Activities to encourage public participation included:

- social media and website updates
- online newsletters
- advertising including print, online, outdoor and radio
- pop-up stalls at markets, shopping centres and railway stations
- direct emails
- letterbox drops and direct mail
- advertising in foreign language newspapers
- engagement opportunities promoted at public and stakeholder meetings.

Promotion was also undertaken to support the sale of land, including:

- maintaining, creating and enhancing websites advertising
- fact sheets, information booklets and other print collateral.

### Funds granted to non-government community organisations

The organisation has in place a corporate sponsorship policy and annual program of activities. However, there were no unconditional grants, gifts, donations made to organisations outside of the program.

### Production cost of Annual Report

The Annual Report FY15/16 was produced inhouse to minimise costs. The total cost of production is estimated at approximately \$4,000.

### Consultancies

We spent \$408,000 in the reporting period on consultants. These engagements assisted decision making for our sustainability framework, risk management, WHS, business separation and corporate strategy.

### Overseas visits

One staff member travelled to Copenhagen, Denmark from 23 October to 4 November 2016 as part of The Royal Danish Consulate of Sydney 'Urban Transformation Delegation' representing delegates from Sydney and Auckland. Additional meetings and site visits to discuss Major Urban Transformation Projects included London, Rotterdam and Barcelona. The cost was approximately \$9,300.

Another staff member undertook overseas travel at an approximate cost of \$8,000. This related to a speaking role in Toronto, Canada for the Big City Big Ideas Lecture at Toronto University on 20 October 2017 followed by a speaking role at the Urban Land Institute Global Conference in Dallas, Texas from 24 to 27 October 2016.

All travel was approved in accordance with the UrbanGrowth NSW Travel and Business Expenses Policy.

∨ Discovering Parramatta North Open Day, Parramatta North



## Disclosure of approved exemptions

Following corporatisation on 1 January 2002, approval was granted for reporting exemptions relevant to this Annual Report (shown in the table below). The exemptions, some with conditions attached, were approved by NSW Treasury to overcome concerns about the loss of commercial confidentiality for statutory state owned corporations.

<b>Statutory Requirements</b>		
<b>Annual reporting exemptions</b>	<b>Act/Regulation references</b>	<b>Comments</b>
<b>Budgets:</b> <ul style="list-style-type: none"> <li>Detailed budget for the year in review</li> <li>Outline budget for next year</li> <li>Particulars of material adjustments to detailed budget for the year in review.</li> </ul>	s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 cl. 7 Annual Reports (Statutory Bodies) Regulation 2015	
<b>Report of operations</b>		
<b>Summary review of operations:</b> <ul style="list-style-type: none"> <li>Narrative summary of significant operations</li> <li>Selected financial and other quantitative information associated with the administration of programs or operations.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to the “summary review of operations” are to be disclosed in a summarised form.
<b>Management and activities:</b> <ul style="list-style-type: none"> <li>Nature and range of activities</li> <li>Measures and indicators of performance</li> <li>Internal and external performance reviews</li> <li>Benefits from management and strategy reviews</li> <li>Management improvement plans and achievements</li> <li>Major problems and issues</li> <li>Major works in progress, cost to date, estimated dates of completion and cost overruns</li> <li>Reasons for significant delays etc to major works or programs.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to “management and activities” are to be disclosed in a summarised form.
<b>Research and development:</b> <ul style="list-style-type: none"> <li>completed research including resources allocated</li> <li>continuing research and development activities, including resources allocated unless that information could adversely affect operations.</li> </ul>		
<b>Human resources:</b> <ul style="list-style-type: none"> <li>Number of employees by category and comparison to prior three years</li> <li>Exceptional movements in employee wages, salaries or allowances</li> <li>Personnel policies and practices</li> <li>Industrial relations policies and practices.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	
<b>Consultants:</b> <ul style="list-style-type: none"> <li>For each engagement costing more than \$50,000:               <ul style="list-style-type: none"> <li>name of consultant</li> <li>title of project</li> <li>actual cost.</li> </ul> </li> <li>For each engagement costing less than \$50,000:               <ul style="list-style-type: none"> <li>total number of engagements</li> <li>total cost.</li> </ul> </li> <li>If applicable, a statement that no consultants were engaged.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.

## Statutory Requirements

Annual reporting exemptions	Act/Regulation references	Comments
<p><b>Land disposal:</b></p> <ul style="list-style-type: none"> <li>• Properties disposed of during the year: <ul style="list-style-type: none"> <li>- total number</li> <li>- total value</li> </ul> </li> <li>• If value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> <li>- list of properties</li> <li>- for each case, name of person who acquired the property and proceeds from disposal.</li> </ul> </li> <li>• Details of family or business connections between the purchaser and the person responsible for approving the disposal</li> <li>• Statement giving reasons for the disposal</li> <li>• Purpose/s for which proceeds were used</li> <li>• Statement indicating that access to the documents relating to the disposal can be obtained under the Government Information (Public Access) Act 2009.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	
<p><b>Consumer responses:</b></p> <ul style="list-style-type: none"> <li>• Extent and main features of complaints</li> <li>• Services improved/changed in response to complaints/suggestions.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that comments and information relating to “consumer responses” are to be disclosed in a summarised form.
<p><b>Payment of accounts:</b></p> <ul style="list-style-type: none"> <li>• Performance in paying accounts, including action to improve payment performance.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	This exemption only applies to statutory state-owned corporations as they are not subject to the payment of accounts provisions in s.15 of the Public Finance and Audit Regulation.
<p><b>Time for payment of accounts:</b></p> <ul style="list-style-type: none"> <li>• Reasons for late payment</li> <li>• Interest paid due to late payments.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	As above.
<p><b>Report on risk management and insurance activities</b></p>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the comments and information are to be disclosed in a summarised form.
<p><b>Disclosure of controlled entities:</b></p> <ul style="list-style-type: none"> <li>• Details of names, objectives, operations, activities of controlled entities and measures of performance.</li> </ul>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Exemption subject to a condition that the names of the controlled entities be disclosed along with a summary of the controlled entities’ objectives, operations, activities and measures of performance.
<p><b>Investment performance</b></p>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	
<p><b>Liability management performance</b></p>	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	

# Financial Statements

---

For the year ending  
30 June 2017

---



## INDEPENDENT AUDITOR'S REPORT

### Landcom trading as UrbanGrowth NSW

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Landcom trading as UrbanGrowth NSW (the Corporation), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of 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 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with the International Financial Reporting Standards as disclosed in Note 1.2.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with the APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the *State Owned Corporations Act 1989* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In Note 1.2, the directors state, in accordance with Accounting Standard AASB 101 'Presentation of the financial statements', that the financial statements comply with International Financial Reporting Standards.

In preparing the financial statements, the directors must assess the Corporation's ability to continue as a going concern except where they intend to liquidate the Corporation or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Weini Liao  
Director, Financial Audit Services

31 August 2017  
SYDNEY

## LANDCOM TRADING AS URBANGROWTH NSW

### DIRECTORS' DECLARATION

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in the opinion of the Directors of Landcom trading as UrbanGrowth NSW:

- (a) The financial statements:
- (i) exhibit a true and fair view of the financial position of Landcom trading as UrbanGrowth NSW as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
  - (ii) comply with Australian Accounting Standards, AASB Interpretations, the State Owned Corporations Act 1989, Treasurer's Directions, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015.
- (b) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (c) At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors:



JOHN BROGDEN AM  
Chairman



SUZANNE JONES  
Director

31 August 2017  
Sydney

# Statement of Comprehensive Income

FOR YEAR ENDED 30 JUN 2017

	Notes	Continuing Operations \$'000		Discontinuing Operations \$'000		Total \$'000	
		2017	2016	2017	2016	2017	2016
Sales revenue	2(a)	726,006	658,065	-	-	726,006	658,065
Cost of sales		(438,989)	(344,634)	-	-	(438,989)	(344,634)
<b>Gross Profit</b>		<b>287,017</b>	<b>313,431</b>	-	-	<b>287,017</b>	<b>313,431</b>
Other revenue	2(b)	46,005	9,651	8,418	6,072	54,423	15,723
Finance income	2(c)	12,197	7,713	-	-	12,197	7,713
Marketing and selling expenses	3	(4,921)	(6,283)	-	-	(4,921)	(6,283)
Employee related expenses	4	(25,404)	(26,757)	-	-	(25,404)	(26,757)
Other operating expenses	5	(33,711)	(30,443)	(46,665)	(40,741)	(80,376)	(71,184)
Depreciation and amortisation expense	6	(1,864)	(1,168)	-	-	(1,864)	(1,168)
Finance costs	7	(558)	(1,142)	-	-	(558)	(1,142)
Profit/(loss) on sale of property, plant and equipment		(254)	11	-	-	(254)	11
<b>Profit/(loss) before income tax equivalent expense</b>		<b>278,507</b>	<b>265,013</b>	<b>(38,247)</b>	<b>(34,669)</b>	<b>240,260</b>	<b>230,344</b>
Income tax equivalent expense	8	(83,553)	(79,504)	11,474	10,400	(72,079)	(69,104)
<b>Net profit/(loss) for the year</b>		<b>194,954</b>	<b>185,509</b>	<b>(26,773)</b>	<b>(24,269)</b>	<b>168,181</b>	<b>161,240</b>
<b>Other comprehensive income</b>							
<b>Items that will not be reclassified to profit or loss</b>							
Superannuation actuarial gain/(losses) on defined benefit plans	19	6,032	(6,681)	-	-	6,032	(6,681)
Income tax on items that will not be reclassified to profit or loss		(1,810)	2,004	-	-	(1,810)	2,004
<b>Total items that will not be reclassified to profit or loss</b>		<b>4,222</b>	<b>(4,677)</b>	-	-	<b>4,222</b>	<b>(4,677)</b>
Other comprehensive income for the year (net of tax)		4,222	(4,677)	-	-	4,222	(4,677)
<b>Total comprehensive income/(loss) for the year</b>		<b>199,176</b>	<b>180,832</b>	<b>(26,773)</b>	<b>(24,269)</b>	<b>172,403</b>	<b>156,563</b>

The above Statement of Comprehensive Income is to be read in conjunction with the attached notes to the financial statements.

# Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	9	619,377	403,995
Trade and other receivables	10	19,422	18,691
Inventories held for distribution	11	2,367	-
Inventories	11	246,742	277,996
Other current assets	12	6,671	4,077
<b>Total Current Assets</b>		<b>894,579</b>	<b>704,759</b>
<i>Non-Current Assets</i>			
Trade and other receivables	10	12,491	6,444
Inventories	11	205,777	287,034
Property, plant and equipment	13	5,546	7,138
Intangible assets	14	1,508	778
Deferred tax assets	15	27,996	13,902
<b>Total Non-Current Assets</b>		<b>253,318</b>	<b>315,296</b>
<b>TOTAL ASSETS</b>		<b>1,147,897</b>	<b>1,020,055</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	16	103,118	125,520
Current tax liabilities	17	19,805	28,679
Provisions held for distribution	18	1,224	-
Provisions	18	140,032	121,550
<b>Total Current Liabilities</b>		<b>264,179</b>	<b>275,749</b>
<i>Non-Current Liabilities</i>			
Trade and other payables	16	40,982	47,795
Provisions	18	35,857	62,832
Deferred tax liabilities	20	1,935	1,138
<b>Total Non-Current Liabilities</b>		<b>78,774</b>	<b>111,765</b>
<b>TOTAL LIABILITIES</b>		<b>342,953</b>	<b>387,514</b>
<b>NET ASSETS</b>		<b>804,944</b>	<b>632,541</b>
<b>Equity</b>			
Contributed capital		275,847	275,847
Retained earnings		529,097	356,694
<b>TOTAL EQUITY</b>		<b>804,944</b>	<b>632,541</b>

The above Statement of Financial Position is to be read in conjunction with the attached notes to the financial statements.

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Continuing Operations \$'000		Discontinuing Operations \$'000		Total \$'000	
		2017	2016	2017	2016	2017	2016
<b>Cash flows from operating activities</b>							
Receipts from customers		805,654	788,895	8,047	6,480	813,701	795,375
Interest received		11,843	7,269	-	-	11,843	7,269
Payments to suppliers and employees		(476,550)	(405,410)	(35,617)	(41,419)	(512,167)	(446,829)
Income tax equivalent paid		(96,060)	(54,270)	-	-	(96,060)	(54,270)
Finance costs		(679)	(1,295)	-	-	(679)	(1,295)
<b>Net cash flows generated from/(utilised in) operating activities</b>	22	<b>244,208</b>	<b>335,189</b>	<b>(27,570)</b>	<b>(34,939)</b>	<b>216,638</b>	<b>300,250</b>
<b>Cash flows from investing activities</b>							
Payments for property, plant and equipment and intangibles		(1,363)	(5,183)	-	-	(1,363)	(5,183)
Proceeds from sale of property, plant and equipment		107	101	-	-	107	101
<b>Net cash flows used in investing activities</b>		<b>(1,256)</b>	<b>(5,082)</b>	<b>-</b>	<b>-</b>	<b>(1,256)</b>	<b>(5,082)</b>
<b>Cash flows from financing activities</b>							
Repayment of borrowings		-	(27,505)	-	-	-	(27,505)
Dividends paid to NSW Treasury		-	(75,356)	-	-	-	(75,356)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(102,861)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,861)</b>
<b>Net increase in cash and cash equivalents</b>		<b>242,952</b>	<b>227,246</b>	<b>(27,570)</b>	<b>(34,939)</b>	<b>215,382</b>	<b>192,307</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>403,995</b>	<b>211,688</b>	<b>-</b>	<b>-</b>	<b>403,995</b>	<b>211,688</b>
<b>Cash and cash equivalents at the end of the year</b>	9	<b>646,947</b>	<b>438,934</b>	<b>(27,570)</b>	<b>(34,939)</b>	<b>619,377</b>	<b>403,995</b>

The above Statement of Cash Flows is to be read in conjunction with the attached notes to the financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance as at 1 July 2016</b>	275,847	356,694	632,541
<b>Profit for the year ended 30 June 2017</b>	-	168,181	168,181
Other comprehensive income			
Superannuation actuarial gain/(losses) on defined benefit plans	-	6,032	6,032
Income tax relating to components of other comprehensive income	-	(1,810)	(1,810)
<b>Total other comprehensive income</b>	-	4,222	4,222
<b>Total comprehensive income for the year</b>	-	172,403	172,403
<b>Balance as at 30 June 2017</b>	<b>275,847</b>	<b>529,097</b>	<b>804,944</b>
<b>Balance as at 1 July 2015</b>	275,847	200,131	475,978
<b>Profit for the year</b>	-	161,240	161,240
Other comprehensive income			
Superannuation actuarial gain/(losses) on defined benefit plans	-	(6,681)	(6,681)
Income tax relating to components of other comprehensive income	-	2,004	2,004
<b>Total other comprehensive income</b>	-	(4,677)	(4,677)
<b>Total comprehensive income for the year</b>	-	156,563	156,563
<b>Balance as at 30 June 2016</b>	<b>275,847</b>	<b>356,694</b>	<b>632,541</b>

The above Statement of Changes in Equity is to be read in conjunction with the attached notes to the financial statements.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## REPORTING ENTITY

Landcom trading as UrbanGrowth NSW is a NSW statutory State Owned Corporation established on 1 January 2002 by the *Landcom Corporation Act 2001* (the Act) owned on behalf of the NSW Government by two Shareholder Ministers, currently the Treasurer and the Minister for Finance, Services and Property and accordingly, the results, financial position and cash flows are included in the NSW Total State Sector Accounts. The Corporation operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and is a for-profit entity for financial reporting purposes.

The financial statements for the year ended 30 June 2017 have been authorised for issue by the Board on 31 August 2017.

UrbanGrowth NSW collaborates with government, private, and community stakeholders to create a united vision for a program, build a strong sense of place and enable its delivery. UrbanGrowth NSW maximises the value of government land for the public good, improves the amenity and liveability of urban spaces, and enables the delivery of housing and jobs growth.

UrbanGrowth NSW also provides management services to other government agencies.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with:

- the *State Owned Corporations Act 1989*;
- compliance with relevant Treasurer's Directions
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.

Property, plant and equipment are measured at fair value and inventory at the lower of cost and net realisable value. Other financial statements items are prepared in accordance with the historical cost convention. Borrowings are stated at amortised cost and provisions expected to be settled after more than 12 months after reporting date are stated at present value.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and expressed in Australian currency.

### 1.2 Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards (including Australian Accounting Interpretations). Compliance with Australian Accounting Standards ensures that the financial statements and notes of UrbanGrowth NSW comply with International Financial Reporting Standards (IFRS)

The accounting policies have been consistently applied, unless stated otherwise.

### 1.3 Revenue Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable.

- i. Sales revenue comprises income from sale of land owned by UrbanGrowth NSW, income from management of the sale of land not owned by UrbanGrowth NSW, and income from others. Sales revenue is recognised when the significant risks and rewards of ownership of the land have passed to the buyer on settlement and can be reliably measured.
- ii. Interest income is recognised as the interest accrues, using the effective interest rate method.
- iii. Management fees are recognised when there is a right to be compensated for services rendered and it is probable that economic benefits will result and the income can be reliably measured.
- iv. Rental income is recognised in accordance with *AASB 117 Leases* on a straight-line basis over the term of the lease.
- v. Other income is recognised when there is a right to be compensated for services rendered and it is probable that economic benefits will result and the revenue can be reliably measured.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.4 Expenditure Recognition

Operating expenses are expensed in the year in which they are incurred.

### 1.5 Employee Benefits

All liabilities for employee benefits are fully provided for in accordance with AASB 119 Employee Benefits (refer to Note 18). Employee benefits applicable to UrbanGrowth NSW are shown below.

#### Salaries and annual leave

Liabilities for salaries and annual leave (including non-monetary benefits) that are due to be settled within 12 months after the end of the period in which the employee renders the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted nominal amounts based on the amounts expected to be paid when the liabilities are settled. Employees are expected to settle annual leave within twelve months and as such, no present value measurement is required.

#### Non-vesting sick leave

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in any reporting period.

#### Long service leave

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits for all employees with 5 or more years of service. Consideration is given to certain factors based on actuarial review every three years, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date. A shorthand approach is adopted to update for the following two years. This is in accordance with TC15/09 Accounting for Long Service Leave and Annual Leave.

#### Superannuation

Pillar Administration advises UrbanGrowth NSW of the level of liability for UrbanGrowth NSW's defined benefit superannuation commitments to its employees who are members of the various divisions of the scheme. The calculation of the superannuation position is based on actuarial reviews independent of UrbanGrowth NSW's ongoing activities and involvement. The main drivers of the actuarial calculations are the level of investment return, salary inflation and CPI increases.

UrbanGrowth NSW has an obligation for the defined benefit contribution which becomes payable on and after retirement of staff. Contribution is made to the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non Contributory Superannuation Scheme (SANCS).

The SAS Trustee Corporation through the fund's actuary has determined that unfunded superannuation contributions as at 30 June 2017 for the SASS, SANCS and SSS was estimated at \$22,983 million (2016: \$28.635 million).

Amounts representing prepaid superannuation contributions are recognised as an asset. Amounts representing unfunded superannuation are recognised as a liability. Actuarial gains and losses are recognised immediately as other Comprehensive Income/outside profit or loss in the year in which they occur.

UrbanGrowth NSW contributes defined contribution to the First State Superannuation Scheme, a defined contribution scheme, as well as other private schemes to a lesser extent. The amount recognised as an expense in profit or loss, as part of employee-related expenses is \$3.328 million (2016: \$3,103 million). (Refer also note 4).

#### Termination payments

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are recognised at the earlier of the following dates:

- (a) when UrbanGrowth NSW can no longer withdraw the offer of those benefits; and
- (b) when UrbanGrowth NSW recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value liability.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Payroll on-costs

The outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate to have been recognised.

### 1.6 Insurance

UrbanGrowth NSW carries a comprehensive range of insurances covering property, public liability, motor vehicles and other contingencies through the NSW Treasury Managed Fund of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager base on past claim experience. These insurance policies are reviewed annually to ensure that they are adequate and were current at 30 June 2017. No major claims exist under these policies at 30 June 2017.

### 1.7 Leases

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of leased items, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The cost of improvement to or on leasehold property is capitalised and disclosed as leasehold improvements.

Lease incentives under a non-cancellable operating lease, like a rent-free period, is recognised as an asset as a lessor (leasehold right) and as a liability as a lessee (lease incentive). Leasehold right (asset) is amortised to rental expense on a straight-line basis over the term of the lease. Lease incentive (liability) is reduced by allocating lease rental payments between rental expenses and reduction of the liability at the beginning of the lease payment period until the end of the lease term.

UrbanGrowth NSW has operating leases in place in respect of its premises in Sydney CBD, Parramatta, regional office in Newcastle and sales offices at various locations within New South Wales. There are no contingent rentals payable in respect of these leases and the terms of renewal are between 1 month and 5 years after lease terms expire.

### 1.8 Capitalisation of Expenses - Development Costs and Cost of Sales

UrbanGrowth NSW charges all direct expenditure on development works to relevant projects. Other administrative overhead is initially charged to and disclosed in the Statement of Comprehensive Income when it is incurred. Some salary charges and related expenses are subsequently capitalised to projects together with other administrative overheads. Employee expenses incurred in respect of development and sales activities are capitalised to inventory when incurred (refer to notes 4 and 11).

### 1.9 Income Tax Equivalent Expense

UrbanGrowth NSW is subject to notional taxation in accordance with the State Owned Corporation Act 1989. From 1 July 2003, taxation liability has been assessed according to the National Tax Equivalent Regime of the NSW Treasury, which proposes, as far as practical, the adoption of the relevant Commonwealth tax legislation as the basis for determining taxation liability. Tax effect accounting has also been adopted from 1 July 2003.

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for all temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Deferred tax *(continued)*

differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity. All deferred tax assets/liabilities are classified as non-current in the Statement of Financial Position as these are expected to be settled after more than 12 months.

#### 1.10 Dividends to the NSW Treasury

In accordance with the Financial Distribution Policy for Government Business TPP16-04 and Section 20S of State Owned Corporations Act 1989, UrbanGrowth NSW dividend recommendation for 2016-17 financial year is Nil.

#### 1.11 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- i. where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### 1.12 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

#### 1.13 Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Statement of Comprehensive Income when impaired, derecognised, or through the amortisation process.

Short-term receivables with no stated interest rate are measured at transaction cost or face value.

Interest is charged on overdue settlement monies where agreed settlement dates are not met. The rate of interest applied varied during the year and is currently 10.71% (2016: 11.44%). Sales are made on varying terms, but generally on a 42-day exchange and 21-day settlement basis.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.14 Other Current Assets

Other current assets represent prepayment of expenditure which is recognised on a cost basis. These amounts are recognised in the Statement of Comprehensive Income on a straight-line basis except where another systematic basis is more representative of the time pattern in which economic benefits from the prepayments are consumed.

### 1.15 Inventories - Land Classification

Inventories comprise undeveloped land, work in progress and developed land. Undeveloped land with medium to long-term development potential is classified as a non-current asset. Land is classified as work in progress while it is under development, that is, from the time contracts are signed for work to proceed.

Developed land is land which has been subdivided and registered on completion of all development activity. Developed land and work in progress that are expected to be sold within the next 12 months are classified as current and the balance is classified as non-current. As the process of development progresses, land projects are reclassified from undeveloped land to work in progress, then, on completion, to developed land for sale.

UrbanGrowth NSW expenses costs associated with pursuing development opportunities and capitalise these cost when appropriate approvals are obtained. Where there is a likelihood that the project will not progress then capitalised costs are written off and recognised as an expense in the Statement of Comprehensive Income.

### 1.16 Inventories - Land Valuation

All land is valued at the lower of cost and net realisable value. Cost includes acquisition, development and capitalised overhead. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

UrbanGrowth NSW reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount in the accounts based on the latest forecast. When the circumstances that previously caused inventories to be written down below cost no longer exist due to change in economic circumstances, the amount of the write back is credited in the Statement of Comprehensive Income limited to the amount of the original write-down so that the new carrying amount is the lower of the cost and the revised net realisable value.

### 1.17 Leasehold Improvements

Leasehold improvements are valued at cost and amortised on a straight line basis over the unexpired period of the lease term or the assets useful life, whichever is shorter.

### 1.18 Property, Plant and Equipment

Plant and equipment are recorded at the cost of acquisition, plus major renovation or improvement costs, if any, and are shown at cost less accumulated depreciation and impairment. Depreciation on all plant and equipment is calculated on the basis of the useful life of the asset to UrbanGrowth NSW using the straight line method. The written down value of plant and equipment as at 30 June 2017 approximates fair value.

The following estimated useful lives are used in the calculation of depreciation for major items for 2017 and 2016:

Computer equipment	- 3 to 4 years
Office equipment	- 5 to 20 years
Motor Vehicles	- 8 years.

*Impairment:* The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.19 Intangible Assets

UrbanGrowth NSW recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Subsequently, as there is no active market for UrbanGrowth NSW's intangible assets, the assets are at cost less any accumulated amortisation and impairment losses where an indicator of impairment exists.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Computer software costs (licences) and website costs are treated as intangible assets. The useful lives of these intangible assets are estimated as finite and the straight line method over a period of 4 to 5 years is utilised.

### 1.20 Recoverable Amount of Assets

UrbanGrowth NSW assesses whether there is any indication that an asset may be impaired at each reporting period. Where an indicator of impairment exists, UrbanGrowth NSW makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

### 1.21 Trade and Other Payables

All trade payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Payables are recognised initially at fair value, usually based on transactional cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short-term payables are measured at the original invoice amount where the effect of discounting is immaterial.

Amounts owing to suppliers are settled in accordance with the policy set out in the Treasurer's Directions. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received. The Treasurer's Directions allow the Minister to award interest for late payment.

UrbanGrowth NSW also holds monies in trust paid by prospective buyers of land, as either holding deposits or on exchange of contracts pending settlement.

Unearned income is reported as a current liability within trade and other payables in the Statement of Financial Position. The balance relates to advances received from project partners. UrbanGrowth NSW is entitled to recognise revenue when the obligations under the project agreements are fulfilled.

### 1.22 Borrowings

All borrowings are recorded at face value net of any premium or discounts. Loans are not held for trading and are recognised at amortised cost using the effective interest method. Premiums and discounts are amortised over the life of the borrowings and charged to the Statement of Comprehensive Income. Borrowing costs are recognised as an expense when incurred. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

### 1.23 Financial Instruments

Financial instruments give rise to positions that are a financial asset of either UrbanGrowth NSW or its counterparts and a financial liability (or equity instrument) of the other party. For UrbanGrowth NSW, these include cash assets, receivables, payables and borrowings.

Information is disclosed in Note 23, in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried at net fair value unless otherwise stated.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.23 Financial Instruments *(continued)*

#### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

#### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### Derecognition of financial assets

UrbanGrowth NSW derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If UrbanGrowth NSW neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, UrbanGrowth NSW recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If UrbanGrowth NSW retains substantially all the risks and rewards of ownership of a transferred financial asset, UrbanGrowth NSW continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

#### Derecognition of financial liabilities

UrbanGrowth NSW derecognises a financial liability only when the obligation under the liability is discharged, cancelled or expired.

### 1.24 Provisions

Provisions are recognised when UrbanGrowth NSW has a present obligation (legal or constructive) as a result of a past event, it is probable that UrbanGrowth NSW will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using Commonwealth government bond rate.

The provision to complete projects captures all unpaid development costs which were included in the latest forecast land development schedule. It is raised as an estimate based on known costs at the time when the land is ready for settlement and will be paid within the next four years. If the effect of time value of money is material, provisions are discounted at Commonwealth government bond rate, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Provisions for make good of the leased premises is recognised as stated in the lease agreement. The payment may be payable at the end of lease term.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.24 Provisions *(continued)*

Provision for rebates is recognised when a lot is sold. As part of the conditions of sale, UrbanGrowth NSW may be committed to make a payment to the purchaser provided certain design criteria are met and applied for within a specified period by the purchaser, usually between 12-24 months. This payment represents reimbursement for additional costs incurred by the purchaser in complying with the design criteria set by UrbanGrowth NSW. UrbanGrowth NSW recognises 70% of claims in the provision based on the claims processed, this amount is considered to be immaterial and therefore no discount is required.

### 1.25 Joint Arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

#### Joint operations

UrbanGrowth NSW has joint operations and therefore recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 27.

### 1.26 Assets and liabilities attributable to a disposal group held for distribution and discontinued operations

Assets and liabilities held for distribution are measured at the lower of carrying amount and fair value less costs to distribute if their carrying amount will be recovered principally through a distribution to the shareholder instead of use.

These assets and liabilities must be available for immediate distribution and distribution must be highly probable.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount of profit or loss after tax from discontinued operations in the Statement of Comprehensive Income. Details of discontinued operations are set out in note 28.

### 1.27 Changes in accounting policy, including new or revised Australian Accounting Standards

#### (i) Effective Accounting Standards/Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial statements of UrbanGrowth NSW.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018
AASB 15 Revenue from Contracts with Customers and 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	30 June 2019
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
<b>2(a) Sales Revenue</b>		
Income from land sales	555,028	449,270
Income from managed land sales	170,978	208,795
	<b>726,006</b>	<b>658,065</b>
<b>2(b) Other Revenue</b>		
Management fees	48,496	14,134
Rental income	629	1,191
Holding cost recoveries	4,994	-
Other	304	398
	<b>54,423</b>	<b>15,723</b>
<b>2(c) Finance Income</b>		
Interest from bank	11,479	6,795
Unwinding of the discount rate	354	444
Interest from late settlement	364	474
	<b>12,197</b>	<b>7,713</b>
<b>3 Marketing and Selling Expenses</b>		
Advertising	3,253	2,543
Sales contractors and commission	1,607	3,495
Other	61	245
	<b>4,921</b>	<b>6,283</b>
<b>4 Employee Related Expenses</b>		
Salaries and wages	35,916	32,820
Termination payments	1,183	1,371
Superannuation – defined benefit plans	1,064	985
Superannuation – defined contribution plans	3,327	3,103
Long service leave	345	1,241
Annual leave	3,066	2,985
Payroll tax and fringe benefits tax	2,527	2,426
Other employee related expenses	2,023	1,833
	<b>49,451</b>	<b>46,764</b>
Transfer of capital costs to inventories	(24,047)	(20,007)
	<b>25,404</b>	<b>26,757</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
<b>5 Other Operating Expenses</b>		
Auditor's remuneration – audit of financial statements	226	215
Operating lease rental expense – minimum lease payments	3,906	4,232
General administrative costs	11,556	10,345
Council rates	1,615	1,362
Land tax	13,154	7,459
Write back inventory previously written off	(9,105)	-
Adjustment of inventory to net realisable value	29,572	6,897
Expenses incurred on management fee revenue	25,807	10,314
Project establishment costs	11,612	35,167
Property and accommodation expenses	1,218	2,329
Consultancy fees	408	652
	89,969	78,972
Transfer of capital costs to inventories*	(9,593)	(7,788)
	<b>80,376</b>	<b>71,184</b>

\* Transfer of capital cost to inventories relates to operating lease rental expense, general administrative costs and property and accommodation expenses.

## 6 Depreciation and Amortisation Expense

Leasehold improvements	664	432
Plant and equipment	961	515
Intangible assets	216	196
Motor vehicles	23	25
	<b>1,864</b>	<b>1,168</b>

## 7 Finance Costs

Interest	83	805
Unwinding of the discount rate	475	386
Amortisation of loan (discount)/premium	-	(210)
Government guarantee fee	-	161
	<b>558</b>	<b>1,142</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

2017  
\$'000

2016  
\$'000

## 8 Income Tax

### Income tax expense recognised in the Statement of Comprehensive Income

The major components of income tax expense for the year ended 30 June 2017 and 2016 are:

Current income tax charge	87,186	69,550
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(15,107)	(446)
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<b>72,079</b>	<b>69,104</b>
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(15,904)	148
(Decrease)/increase in deferred tax liabilities	797	(594)
	<b>(15,107)</b>	<b>(446)</b>
<b>Income tax expense recognised directly in equity</b>		
Deferred income tax related to items charged or credited directly to equity:		
Superannuation actuarial gain/( loss)	1,810	(2,004)
<b>Income tax expense reported in equity</b>	<b>1,810</b>	<b>(2,004)</b>

Reconciliation between tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the entity's effective income tax rate:

Accounting profit before income tax	240,260	230,344
At the statutory income tax rate of 30% (2016: 30%)	72,078	69,103
Deductions not allowable for income tax purposes	1	1
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<b>72,079</b>	<b>69,104</b>

## 9 Cash and Cash Equivalents

Cash at bank and on hand	569,377	54,995
Short term deposits	50,000	349,000
	<b>619,377</b>	<b>403,995</b>

Included in the cash and cash equivalents is restricted cash of \$23.739 million (2016 \$4.723 million). These funds are related to cash held on behalf of project partners.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
<b>10 Trade and Other Receivables</b>		
<b>Current</b>		
Trade receivables	15,866	16,943
Development bonds	972	614
Other receivables	2,584	1,134
	<b>19,422</b>	<b>18,691</b>
<b>Non-current</b>		
Trade receivables	12,018	5,957
Development bonds	-	40
Loan receivables	473	447
	<b>12,491</b>	<b>6,444</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 23.

The non-current trade receivable represents deferred proceeds for projects \$12.018 million (2016: \$5.957 million).

## 11 Inventories

<b>Current</b>		
Inventories held for distribution (Refer Note 28)	2,367	-
Work in progress	217,463	236,040
Developed land	29,279	41,956
	<b>249,109</b>	<b>277,996</b>
<b>Non-current</b>		
Work in progress	58,809	46,114
Undeveloped land	146,968	240,920
	<b>205,777</b>	<b>287,034</b>
<b>Total</b>	<b>454,886</b>	<b>565,030</b>

The cost of inventories recognised as an expense in respect of net write-downs of inventory to net realisable value is \$20.467 million (2016: \$6.897 million).

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
<b>11 Inventories (continued)</b>		
<b>Details of inventories:</b>		
Acquisition costs	146,954	227,497
Development costs	283,879	307,108
Other costs	24,053	30,425
	<b>454,886</b>	<b>565,030</b>
<b>12 Other</b>		
<b>Current</b>		
Prepayments	6,671	4,077
	<b>6,671</b>	<b>4,077</b>
<b>13 Property, Plant and Equipment</b>		
<b>Leasehold improvements</b>		
At gross carrying amount	3,727	7,199
Accumulated depreciation	(1,854)	(2,024)
Net carrying amount	1,873	5,175
<b>Motor vehicles</b>		
At gross carrying amount	183	183
Accumulated depreciation	(94)	(71)
Net carrying amount	89	112
<b>Plant and equipment</b>		
At gross carrying amount	5,958	4,017
Accumulated depreciation	(2,374)	(2,166)
Net carrying amount	3,584	1,851
<b>Total net carrying amount</b>	<b>5,546</b>	<b>7,138</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 13 Property, Plant and Equipment (continued)

### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2017	Leasehold improvements	Motor vehicles	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of the year	5,175	112	1,851	7,138
Additions	-	-	102	102
Disposals	-	-	(46)	(46)
Reclassification	(2,638)	-	2,638	-
Depreciation expense	(664)	(23)	(961)	(1,648)
<b>Net carrying amount at the end of the year</b>	<b>1,873</b>	<b>89</b>	<b>3,584</b>	<b>5,546</b>

2016	Leasehold improvements	Motor vehicles	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of the year	1,495	142	2,016	3,653
Additions	4,123	-	424	4,547
Disposals	(11)	(5)	(74)	(90)
Depreciation expense	(432)	(25)	(515)	(972)
<b>Net carrying amount at the end of the year</b>	<b>5,175</b>	<b>112</b>	<b>1,851</b>	<b>7,138</b>

	2017	2016
	\$'000	\$'000

## 14 Intangible Assets

Computer software and website			
<b>Gross carrying amount</b>			
Carrying amount at beginning of the year		4,810	4,186
Additions		1,261	636
Disposals		(315)	(12)
<b>Carrying amount at end of the year</b>		<b>5,756</b>	<b>4,810</b>
<b>Accumulated amortisation and impairment</b>			
Carrying amount at beginning of the year		(4,032)	(3,848)
Amortisation expense and impairment		(216)	(196)
Disposal		-	12
Carrying amount at end of the year		(4,248)	(4,032)
<b>Net carrying amount at end of the year</b>		<b>1,508</b>	<b>778</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 15 Deferred Tax Assets

The balance comprises temporary differences attributable to:

	2017 \$'000	2016 \$'000
Depreciation and amortisation	663	660
Provisions	27,110	12,954
Sundry	3	19
Fair value adjustments	220	269
	<b>27,996</b>	<b>13,902</b>
<b>Movements</b>		
Carrying amount at beginning of the year	13,902	12,045
Credited/(charge) to the Statement of Comprehensive Income	15,904	(147)
Credited/(charge) to equity	(1,810)	2,004
<b>Carrying amount at end of the year</b>	<b>27,996</b>	<b>13,902</b>

## 16 Trade and Other Payables

<b>Current</b>		
Trade payables	17,334	17,389
Unearned income	19,008	22,167
Bonds and deposits held	18,424	39,273
Accrued expenses	46,345	44,633
Retentions	2,007	2,058
	<b>103,118</b>	<b>125,520</b>
<b>Non-current</b>		
Bonds and deposits held	40,705	47,280
Accrued expenses	277	515
	<b>40,982</b>	<b>47,795</b>

## 17 Current Tax Liabilities/(Asset)

Carrying amount at beginning of the year	28,679	13,399
Income tax expense	72,079	69,104
Movement in deferred tax assets/(liabilities)	15,107	446
Tax payment	(96,060)	(54,270)
<b>Carrying amount at end of the year</b>	<b>19,805</b>	<b>28,679</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
<b>18 Provisions</b>		
<b>(a) Employee benefits – current</b>		
Provision for annual leave held for distribution (Refer Note 28)	491	-
Provision for annual leave	1,702	2,197
Provision for long service leave held for distribution (Refer Note 28)	733	-
Provision for long service leave		
- Expected to be settled within 12 months	740	1,030
- Expected to be settled after 12 months	4,353	4,837
Provision for on-costs	1,261	1,273
Other	-	91
	<b>9,280</b>	<b>9,428</b>
<b>(b) Employee benefits – non-current</b>		
Provision for superannuation liability (Refer Note 19)	22,983	28,635
Provision for long service leave	506	510
Provision for on-costs	75	76
	<b>23,564</b>	<b>29,221</b>
<b>Total employee benefits</b>	<b>32,844</b>	<b>38,649</b>
<b>(c) Other provisions – current</b>		
Provision to complete projects	130,163	110,422
Provision for rebates	1,813	1,700
	<b>131,976</b>	<b>112,122</b>
The dividend payable on profit after tax is \$Nil (2016: Nil).		
<b>(d) Other provisions – non-current</b>		
Provision to complete projects	9,610	30,393
Provision for rebates	1,658	2,193
Provision for other	1,025	1,025
	<b>12,293</b>	<b>33,611</b>
<b>Total current and non-current provisions</b>		
Current employee benefits	9,280	9,428
Current other provisions	131,976	112,122
<b>Total current provisions</b>	<b>141,256</b>	<b>121,550</b>
Non-current employee benefits	23,564	29,221
Non-current other provisions	12,293	33,611
<b>Total non-current provisions</b>	<b>35,857</b>	<b>62,832</b>
	<b>177,113</b>	<b>184,382</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 18 Provisions (continued)

Reconciliations of the carrying amount of other provision are set out below:

### Other provisions

2017	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	3,893	140,815	1,025	145,733
Additional provisions recognised	1,527	61,308	-	62,835
Reductions in provisions from payments	(944)	(62,635)	-	(63,579)
Change in provisions from re-measurement	(1,005)	285	-	(720)
<b>Carrying amount at end of the year</b>	<b>3,471</b>	<b>139,773</b>	<b>1,025</b>	<b>144,269</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation

### Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018.

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- \* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund
- \* Management and investment of the fund assets; and
- \* Compliance with other applicable regulations.

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- \* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- \* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- \* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- \* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- \* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

There were no fund amendments, curtailments or settlements during the year.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	SASS 30 June 2017	SANCS 30 June 2017	SSS 30 June 2017	TOTAL 30 June 2017
<b>Member numbers</b>				
Contributors	9	12	3	24
Deferred benefits	-	-	-	-
Pensioners	-	-	16	16
Pensions fully commuted	-	-	2	2
<b>Superannuation position for AASB 119 purposes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued liability (Note 1)	8,110	1,415	36,546	46,071
Estimated reserve account balance	(4,060)	(648)	(18,380)	(23,088)
1. Deficit/(surplus)	4,050	767	18,166	22,983
2. Future Service Liability (Note 2)	753	394	161	1,308
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-
<b>4. Net (asset)/liability to be recognised in Statement of Financial Position (1. + 3.)</b>	<b>4,050</b>	<b>767</b>	<b>18,166</b>	<b>22,983</b>

### Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

### Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

	SASS 30 June 2017 \$'000	SANCS 30 June 2017 \$'000	SSS 30 June 2017 \$'000	Total 30 June 2017 \$'000
<b>Reconciliation of the Net Defined Benefit Liability/(Asset)</b>				
<b>Net Defined Benefit Liability/(Asset) at start of year</b>	<b>4,457</b>	<b>878</b>	<b>23,300</b>	<b>28,635</b>
Current service cost	252	55	194	501
Net Interest on the net defined benefit liability/(asset)	84	17	462	563
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(238)	(42)	(1,262)	(1,542)
Actuarial (gains)/losses arising from changes in demographic assumptions	(3)	(1)	11	7
Actuarial (gains)/losses arising from changes in financial assumptions	(303)	(70)	(4,077)	(4,450)
Actuarial (gains)/losses arising from liability experience	266	20	(333)	(47)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(466)	(88)	(130)	(684)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
<b>Net Defined Benefit Liability/(Asset) on 30 June 2017</b>	<b>4,049</b>	<b>769</b>	<b>18,165</b>	<b>22,983</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	SASS 30 June 2017 \$'000	SANCS 30 June 2017 \$'000	SSS 30 June 2017 \$'000	Total 30 June 2017 \$'000
<b>Reconciliation of the Fair Value of Fund Assets</b>				
<b>Fair value of Fund assets at beginning of the year</b>	<b>3,235</b>	<b>586</b>	<b>17,555</b>	<b>21,376</b>
Interest income	63	11	340	414
Actual return on Fund assets less Interest income	238	42	1,262	1,542
Employer contributions	466	88	130	684
Contributions by participants	101	-	58	159
Benefits paid	15	(78)	(1,110)	(1,173)
Taxes, premiums & expenses paid	(58)	(1)	145	86
Transfers due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of Fund assets at 30 June 2017</b>	<b>4,060</b>	<b>648</b>	<b>18,380</b>	<b>23,088</b>

## Reconciliation of the Defined Benefit Obligation

<b>Present value of defined benefit obligations at beginning of the year</b>	<b>7,692</b>	<b>1,463</b>	<b>40,856</b>	<b>50,011</b>
Current service cost	252	55	194	501
Interest cost	148	27	802	977
Contributions by participants	101	0	58	159
Actuarial (gains)/losses arising from changes in demographic assumptions	(3)	(1)	11	7
Actuarial (gains)/losses arising from changes in financial assumptions	(303)	(70)	(4,077)	(4,450)
Actuarial (gains)/losses arising from liability experience	266	20	(333)	(47)
Benefits paid	15	(78)	(1,110)	(1,173)
Taxes, premiums & expenses paid	(58)	(1)	145	86
Transfers due to business combinations and disposal	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Present value of defined benefit obligations for the year ended 30 June 2017</b>	<b>8,110</b>	<b>1,415</b>	<b>36,546</b>	<b>46,071</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30 June 2017	30 June 2017	30 June 2017	30 June 2017
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of the effect of the Asset Ceiling</b>				
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contribution.

### Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 17

Asset category	Total (\$'000)	Quoted prices in active markets for identical assets Level 1 (\$'000)	Significant observable inputs Level 2 (\$'000)	Unobservable inputs Level 3 (\$'000)
Cash	3,087	3,077	10	-
Australian Fixed Interest	2,501	1	2,500	-
International Fixed Interest	481	-	481	-
Australian Equities	9,446	8,947	499	-
International Equities	12,054	9,033	1,869	1,151
Property	3,453	926	533	1,994
Alternatives	9,066	391	5,068	3,607
<b>Total</b>	<b>40,088</b>	<b>22,375</b>	<b>10,960</b>	<b>6,752</b>

The percentage invested in each asset class at the date of the Statement of Financial Position:

	30 June 2017
Cash	7.7%
Australian Fixed Interest	6.2%
International Fixed Interest	1.2%
Australian Equities	23.6%
International Equities	30.1%
Property	8.6%
Alternatives	22.6%
<b>Total</b>	<b>100.0%</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

### Fair value of entity's own financial instruments

The fair value of the Pooled Fund assets as at 30 June 2017 include \$354.0 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$250 million (30 June 2016: \$222 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$261 million (30 June 2016: \$243 million).

### Significant Actuarial Assumptions at the Reporting Date

2017

Discount rate		2.62% pa
Salary increase rate (excluding promotional increases)	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	
Rate of CPI Increase	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter	
Pensioner mortality	as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.	

### Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2017.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1% discount rate	Scenario B +1% discount rate
Discount rate	as above	as above -1.0% pa	as above +1.0% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	46,071	53,254	40,268

	Base Case	Scenario C +0.5% CPI increase	Scenario D -0.5% CPI decrease
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	46,071	49,156	43,285

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	Base Case	Scenario E +0.5% Salary increase	Scenario F -0.5% Salary decrease
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation \$000	46,071	46,407	45,750

	Base Case	Scenario G +Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation \$000	46,071	46,869	45,631

\*Assumes the short term pensioner mortality improvement factors for years 2017-2021 also apply for years after 2021

\*\*Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2017 to 2021

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

### Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

### Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

#### a) Surplus/deficit

The following is a summary of the 30 June 2017 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

	SASS 30 June 2017 \$'000	SANCS 30 June 2017 \$'000	SSS 30 June 2017 \$'000	TOTAL 30 June 2017 \$'000
Accrued benefits*	6,308	1,023	18,307	25,638
Net market value of Fund assets	(4,060)	(648)	(18,380)	(23,088)
<b>Net (surplus)/deficit</b>	<b>2,248</b>	<b>375</b>	<b>(73)</b>	<b>2,550</b>

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

### b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	N/A	N/A	N/A

### c) Economic assumptions

The economic assumptions adopted for the 30 June 2017 AASB 1056 Accounting Standard "Superannuation Entities":

#### Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.4% pa
Expected rate of return on Fund assets backing other liabilities	6.4% pa
Expected salary increase rate (SASS, SANCS, SSS)	2.7% to 30 June 2019 then 3.2% pa thereafter
Expected rate of CPI increase	2.2% pa

### d) Expected Contribution

	SASS 30 June 2018	SANCS 30 June 2018	SSS 30 June 2018	Total 30 June 2018
Expected employer contributions to be paid in the next reporting period \$'000	731	128	155	1,014

### Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14 years.

### Profit and Loss Impact

	SASS 30 June 2017 \$'000	SANCS 30 June 2017 \$'000	SSS 30 June 2017 \$'000	TOTAL 30 June 2017 \$'000
Current service cost	252	55	194	501
Net interest	84	17	462	563
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<b>Defined benefit cost</b>	<b>336</b>	<b>72</b>	<b>656</b>	<b>1,064</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

### Other Comprehensive Income

	SASS	SANCS	SSS	TOTAL
	30 June 2017	30 June 2017	30 June 2017	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains) losses on liabilities	(40)	(51)	(4,399)	(4,490)
Actual return on Fund assets less Interest income	(238)	(42)	(1,262)	(1,542)
Adjustment for effect of asset ceiling	-	-	-	-
<b>Total re measurement in Other Comprehensive Income</b>	<b>(278)</b>	<b>(93)</b>	<b>(5,661)</b>	<b>(6,032)</b>

### Superannuation position as at 30 June 2016

	SASS	SANCS	SSS	TOTAL
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
	\$'000	\$'000	\$'000	\$'000
<b>Member numbers</b>				
Contributors	9	13	4	26
Deferred benefits	-	-	-	-
Pensioners	-	-	15	15
Pensions fully commuted	-	-	2	2
<b>Superannuation position for AASB 119 purposes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Accrued liability (Note 1)	7,692	1,463	40,856	50,011
Estimated reserve account balance	(3,235)	(586)	(17,555)	(21,376)
<b>1. Deficit/(surplus)</b>	<b>4,457</b>	<b>877</b>	<b>23,301</b>	<b>28,635</b>
<b>2. Future Service Liability (Note 2)</b>	<b>928</b>	<b>438</b>	<b>384</b>	<b>1,750</b>
<b>3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4. Net (asset)/liability to be recognised in Statement of Financial Position (1. + 3.)</b>	<b>4,457</b>	<b>877</b>	<b>23,301</b>	<b>28,635</b>

#### Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/ (surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

#### Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of the Net Defined Benefit Liability/(Asset)</b>				
<b>Net Defined Benefit Liability/(Asset) at start of year</b>	<b>4,057</b>	<b>768</b>	<b>16,502</b>	<b>21,327</b>
Current service cost	274	70	-	344
Net Interest on the net defined benefit liability/(asset)	120	23	498	641
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	14	9	(35)	(12)
Actuarial (gains)/losses arising from changes in demographic assumptions	(46)	(10)	921	865
Actuarial (gains)/losses arising from changes in financial assumptions	469	111	5,749	6,329
Actuarial (gains)/losses arising from liability experience	(236)	(47)	(218)	(501)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(195)	(46)	(117)	(358)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
<b>Net Defined Benefit Liability/(Asset) at end of year</b>	<b>4,457</b>	<b>878</b>	<b>23,300</b>	<b>28,635</b>
<b>Reconciliation of the Fair Value of Fund Assets</b>				
<b>Fair value of Fund assets at beginning of the year</b>	<b>3,687</b>	<b>971</b>	<b>17,593</b>	<b>22,251</b>
Interest income	109	28	521	658
Actual return on Fund assets less Interest income	(14)	(9)	35	12
Employer contributions	195	46	117	358
Contributions by participants	89	-	144	233
Benefits paid	(788)	(439)	(872)	(2,099)
Taxes, premiums & expenses paid	(43)	(11)	17	(37)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of Fund assets at end of the year</b>	<b>3,235</b>	<b>586</b>	<b>17,555</b>	<b>21,376</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	SASS		SSS		Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of the Defined Benefit Obligation</b>					
<b>Present value of defined benefit obligations at beginning of the year</b>	<b>7,744</b>	<b>1,739</b>	<b>34,095</b>		<b>43,578</b>
Current service cost	274	70	-		344
Interest cost	229	50	1,020		1,299
Contributions by participants	89	-	144		233
Actuarial (gains)/losses arising from changes in demographic assumptions	(46)	(10)	921		865
Actuarial (gains)/losses arising from changes in financial assumptions	469	111	5,749		6,329
Actuarial (gains)/losses arising from liability experience	(236)	(47)	(218)		(501)
Benefits paid	(788)	(439)	(872)		(2,099)
Taxes, premiums & expenses paid	(43)	(11)	17		(37)
Transfers in/out due to business combinations and disposal	-	-	-		-
Contributions to accumulation section	-	-	-		-
Past service cost	-	-	-		-
Settlements	-	-	-		-
Exchange rate changes	-	-	-		-
<b>Present value of defined benefit obligations at end of the year</b>	<b>7,692</b>	<b>1,463</b>	<b>40,856</b>		<b>50,011</b>

<b>Reconciliation of the effect of the Asset Ceiling</b>					
<b>Adjustment for effect of asset ceiling at beginning of the year</b>	-	-	-		-
Change in the effect of asset ceiling	-	-	-		-
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contribution.

### Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

As at 30 June 16	SASS	SANCS	SSS	Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
	\$'000	\$'000	\$'000	\$'000
Asset category	Total (\$'000)	Quoted prices in active markets for identical assets Level 1 (\$'000)	Significant observable inputs Level 2 (\$'000)	Unobservable inputs Level 3 (\$'000)
Short Term Securities	2,050	2,044	6	-
Australian Fixed Interest	2,721	3	2,718	-
International Fixed Interest	834	(1)	836	-
Australian Equities	9,721	9,172	549	-
International Equities	12,094	9,026	2,079	989
Property	3,650	1,113	619	1,918
Alternatives	7,116	470	3,122	3,524
<b>Total*</b>	<b>38,186</b>	<b>21,827</b>	<b>9,929</b>	<b>6,431</b>

The percentage invested in each asset class at the date of the Statement of Financial Position:

	30 June 2016
Short Term Securities	5.4%
Australian Fixed Interest	7.1%
International Fixed Interest	2.2%
Australian Equities	25.5%
International Equities	31.7%
Property	9.6%
Alternatives	18.6%
<b>Total</b>	<b>100.0%</b>

^Additional to the assets disclosed above, at 30 June 2016 the Pooled Fund has provisions for receivables/ (payables) estimated to be around \$2.83 billion. This gives total estimated assets of \$41.01 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

### Fair value of entity's own financial instruments

The fair value of the Pooled Fund assets as at 30 June 2016 include \$189.6 million in NSW government bonds. Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$222 million (30 June 2015: \$159 million).

- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$243 million (30 June 2015: \$204 million).

### Significant Actuarial Assumptions at the Reporting Date

30 June 2016

Discount rate	1.99% pa
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI Increase	1.5% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	as per the 2015 Actuarial Investigation of the Pooled Fund

### Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1% discount rate	Scenario B +1% discount rate
Discount rate	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	50,011	58,565	43,188

	Base Case	Scenario C +0.5% CPI increase	Scenario D -0.5% CPI decrease
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	50,011	53,638	46,742

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

	Base Case	Scenario E +0.5% Salary increase	Scenario F -0.5% Salary decrease
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation \$000	50,011	50,400	49,639

	Base Case	Scenario G +0.5% Pensioner mortality	Scenario H -0.5% Pensioner mortality
Defined benefit obligation \$000	50,011	49,505	50,938

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

### Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

### Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

#### a) Surplus/deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30 June 2016 \$'000	SANCS 30 June 2016 \$'000	SSS 30 June 2016 \$'000	TOTAL 30 June 2016 \$'000
Accrued benefits*	5,678	1,014	18,074	24,766
Net market value of Fund assets	(3,235)	(586)	(17,555)	(21,376)
<b>Net (surplus)/deficit</b>	<b>2,443</b>	<b>428</b>	<b>519</b>	<b>3,390</b>

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

### b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.50%	1.6

### c) Economic assumptions

The economic assumptions adopted for the 2015 actuarial review of the Fund are:

#### Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.8% pa
Expected rate of return on Fund assets backing other liabilities	6.8% pa
Expected salary increase rate (SASS, SANCS, SSS)	3.0% to 30 June 2019 then 3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

### d) Expected Contribution

	SASS	SANCS	SSS	Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
Expected employer contributions to be paid in the next reporting period	170	58	230	458

### Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 15.2 years

### Profit and Loss Impact

	SASS	SANCS	SSS	Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
Current service cost	274	70	-	344
Net interest	120	23	498	641
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<b>Defined benefit cost</b>	<b>394</b>	<b>93</b>	<b>498</b>	<b>985</b>

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 19 Superannuation (continued)

### Other Comprehensive Income

	SASS	SANCS	SSS	Total
	30 June 2016	30 June 2016	30 June 2016	30 June 2016
Actuarial (gains) losses on liabilities	187	54	6,452	6,693
Actual return on Fund assets less Interest income	14	9	(35)	(12)
Adjustment for effect of asset ceiling	-	-	-	-
<b>Total re measurement in Other Comprehensive Income</b>	<b>201</b>	<b>63</b>	<b>6,417</b>	<b>6,681</b>

## 20 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

	2017	2016
	\$'000	\$'000
Fair value adjustments	121	207
Depreciation and amortisation	85	8
Prepayments	1,729	923
	<b>1,935</b>	<b>1,138</b>
<b>Movements</b>		
Carrying amount at beginning of the year	1,138	1,732
Charge to the Statement of Comprehensive Income	797	(594)
<b>Carrying amount at end of the year</b>	<b>1,935</b>	<b>1,138</b>

## 21 Contributed capital

Contributed capital comprises capital and contributed assets acquired free of charge.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 22 Reconciliation of Profit after income tax to net cash flows from operating activities

	2017 \$'000	2016 \$'000
<b>Net cash flows generated from operating activities</b>	<b>216,638</b>	<b>300,250</b>
Depreciation and amortisation	(1,864)	(1,168)
Gain/(loss) from sale of property, plant and equipment	(254)	11
Amortisation of loan premium	-	210
Unwinding of discount rate income and expense	(121)	58
<b>Change in assets and liabilities</b>		
Decrease/(increase) in provisions	1,237	(7,989)
Decrease/(increase) in payables and tax liabilities	37,292	(81,469)
Increase/(decrease) in receivables	6,899	631
Increase/(decrease) in inventory and other assets	(91,646)	(49,294)
<b>Net Profit for the year</b>	<b>168,181</b>	<b>161,240</b>

## 23 Financial Instruments

UrbanGrowth NSW's principal financial instruments and risks are outlined below together with its processes for managing risk. These financial instruments arise directly from its operations. It does not enter into or trade in financial instruments including derivative financial instruments for speculative purposes.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by UrbanGrowth NSW to set the risk limits and controls and to monitor risks. The Audit and Risk Committee has responsibility for overseeing monitoring of compliance with policies.

### Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
<b>Class</b>				
Cash and cash equivalents	9	N/A	619,377	403,995
Trade and other receivables	10	Loans and receivables (at amortised cost)	31,458	25,135
<b>Financial liabilities</b>				
<b>Class</b>				
Trade and other payables	16	Financial liabilities measured at amortised cost	65,964	56,525

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 23 Financial Instruments (continued)

### Note:

This analysis excludes statutory receivables and payables, prepayments and unearned revenue as these are not within the scope of AASB 7 *Financial Instruments: Disclosure*.

#### (a) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. UrbanGrowth NSW's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

There is no significant concentration of credit risk arising in respect of receivables. UrbanGrowth NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Cash comprises cash on hand and at the bank. Interest is earned on daily bank balances.

All trade debtors are recognised as amounts receivable at reporting date and are reviewed regularly for collectability on an ongoing basis. No interest is earned on trade debtors.

The only financial assets that are past due or impaired are in the 'receivables' category of the Statement of Financial Position.

	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered Impaired
<b>For the year Ended 30 June 2017</b>			
< 3 Months overdue	98	98	-
3 months – 6 months overdue	10	10	-
> 6 months overdue	1,607	1,607	-

	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered Impaired
<b>For the year Ended 30 June 2016</b>			
< 3 Months overdue	2,230	2,230	-
3 months – 6 months overdue	9	9	-
> 6 months overdue	-	-	-

### Note:

This analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosure*.

UrbanGrowth NSW has given TCorp letters of undertaking to various councils/government agencies that certain infrastructure works will be carried out. The maximum exposure to credit risk of these TCorp letters of undertaking is \$49.717 million (2016: \$38.08 million).

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 23 Financial Instruments (continued)

### (b) Liquidity risk

Liquidity risk arises if UrbanGrowth NSW is unable to meet its payment obligations when they fall due. During the current and prior years there were no defaults or breaches on any loans payable or borrowings. No asset has been pledged as collateral. UrbanGrowth NSW has undrawn facilities sufficient to meet obligations as and when they fall due. Exposure to liquidity risk is deemed insignificant.

The table below summarises the maturity profile of UrbanGrowth NSW's financial liabilities and interest rate exposure.

#### Maturity analysis and interest rate exposure of financial liabilities

	Interest rate exposure					Maturity dates		
	Weighted average effective interest rate	Nominal amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000	< 1 Year \$'000	1 – 5 Years \$'000	> 5 Years \$'000
<b>2017</b>								
Payables	-	65,963	-	-	65,963	65,687	277	-
Borrowings	-	-	-	-	-	-	-	-
	-	<b>65,963</b>	-	-	<b>65,963</b>	<b>65,687</b>	<b>277</b>	-
<b>2016</b>								
Payables	-	56,525	-	-	56,525	56,010	515	-
Borrowings	-	-	-	-	-	-	-	-
	-	<b>56,525</b>	-	-	<b>56,525</b>	<b>56,010</b>	<b>515</b>	-

#### Note:

The nominal amounts disclosed are the contractual undiscounted cash flows of each class of financial liability. Therefore the amounts disclosed will not reconcile to the Statement of Financial Position. This analysis also excludes statutory payables, as these are not within the scope of *AASB 7 Financial Instruments: Disclosure*.

### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

UrbanGrowth NSW does not have any investments nor is there any exposure to foreign currency or commodity contracts.

### (d) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. UrbanGrowth NSW's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, is minimal. UrbanGrowth NSW's debt portfolio is managed by TCorp, the appointed debt management contractor.

Exposure to interest rate risk arises primarily through UrbanGrowth NSW's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings with TCorp. UrbanGrowth NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale.

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 23 Financial Instruments (continued)

The following table provides the sensitivity analysis of interest rate risk affecting financial assets and liabilities on the operating result and equity of UrbanGrowth NSW. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. UrbanGrowth NSW's exposure to interest rate risk is set out below.

	Carrying amount \$'000	Profit -1% \$'000	Equity -1% \$'000	Profit +1% \$'000	Equity +1% \$'000
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	619,377	(6,194)	(4,336)	6,194	4,336
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	403,995	(2,828)	(2,828)	2,828	2,828

### (e) Net fair value

As stated in Note 1.23, all financial instruments are carried at net fair value, unless stated otherwise. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

## 24 Expenditure Commitments

	2017 \$'000	2016 \$'000
<b>Operating lease commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	3,541	4,653
Later than one year but not later than five years	6,037	9,759
Later than five years	-	-
<b>Total operating lease commitments (including GST)</b>	<b>9,578</b>	<b>14,412</b>

The total lease expenditure commitments above include input tax credits of \$0.871 million that are expected to be recoverable from the ATO (30 June 2016: \$1.310 million).

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 25 Contingent Assets and Liabilities

A contracting party has alleged that UrbanGrowth NSW has breached an obligation under the contract. A claim has been made for rectification costs of \$1.4 million.

A contracted party has alleged potential claim for damages arising from construction delays. The value of any potential claim has not been quantified.

UrbanGrowth NSW may be liable to pay compensation for loss incurred by two land purchasers of up to \$6.25 million. The likelihood of the purchasers lodging a claim is very low.

UrbanGrowth NSW may be liable to build a community facility up to \$7.80 million should the land purchaser disagree with the clause in the contract to build a community facility. The likelihood is very low.

## 26 Related Party Transactions

All transactions by UrbanGrowth NSW with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

Compensation paid to the key management personnel of UrbanGrowth NSW was \$4.872 million (2016 \$5.505 million).

	2017	2016
	\$'000	\$'000
Short term employee benefits	3,980	4,590
Post-employment benefits	249	323
Other long term benefits	7	-
Termination benefits	636	592
<b>Total compensation paid to key management personnel</b>	<b>4,872</b>	<b>5,505</b>

There are no outstanding balances relating to any key management personnel. There have been no guarantees provided or received for any key management personnel. One of the key management personnel was paid \$66,000 for consultancy services following cessation of their employment with UrbanGrowth NSW. Further, a consultant was deemed key management personnel for a part of the financial year. Under this consulting arrangement, a company that the KMP member was a director and part shareholder was paid \$259,350.

During the year, UrbanGrowth NSW has had inter agency transactions for reimbursement of cost, distribution of revenue and management fees with other NSW State Government Agencies. In addition to the agencies listed in Note 27, UrbanGrowth NSW also transacted with Sydney Water Corporation, UrbanGrowth NSW Development Corporation, Health Administration Corporation, Place Management NSW, Department Of Aging Disability & Health, Crownland Homesites Program, Roads and Maritime Services, Transport for NSW and Family and Community Services.

Land from Health Administration Corporation and Place Management NSW was transferred at fair value of \$1.00 each and recorded as an equity transfer

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 26 Related Party Transactions (continued)

Inter-agency revenue recognised in the Statement of Comprehensive income

	2017	2016
	\$'000	\$'000
Department of Planning and Environment	3,438	6,010
Department of Aging Disability and Health	41,173	33,230
NSW Land and Housing Corporation	41,163	55,669
Roads and Maritime Services	20,045	-
Sydney Water Corporation	9,337	-
UrbanGrowth NSW Development Corporation	6,863	5,299
Crown Lands Homesites Program	214	2,934

\$11.434 million (2016: \$ Nil) was receivable from Roads and Maritime Services for revenue recognised in the Statement of Comprehensive Income.

## 27 Joint Arrangements

As part of normal business operations, UrbanGrowth NSW has various contractual arrangements with other parties. The arrangements are for land development, which is UrbanGrowth NSW's core business. These contractual arrangements require unanimous consent from all parties for all relevant activities. In all the joint arrangements the parties have equal voting rights. These arrangements are therefore classified as joint operations and UrbanGrowth NSW recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 1.25.

Details of these arrangements are as follows:

Name of joint arrangement	Nature of relationship	List of Parties Involved	Project location	Agreement Existed	
				2017	2016
Macarthur Heights	Joint operation	<ul style="list-style-type: none"> <li>University of Western Sydney</li> </ul>	Campbelltown, NSW	Yes	Yes
Bunya	Joint operation	<ul style="list-style-type: none"> <li>Department of Planning and Environment</li> </ul>	Doonside, NSW	Yes	Yes
One Minto	Joint operation	<ul style="list-style-type: none"> <li>Land &amp; Housing Corporation</li> <li>Campbelltown City Council</li> </ul>	Minto, NSW	Yes	Yes
Rouse Hill Town Centre	Joint operation	<ul style="list-style-type: none"> <li>Department of Planning and Environment</li> </ul>	Rouse Hill NSW	Yes	Yes
Oran Park Town Centre	Joint operation	<ul style="list-style-type: none"> <li>Greenfield Development Corporation Ltd</li> <li>Leppington Pastoral Co Pty Ltd</li> </ul>	Oran Park, NSW	Yes	Yes
Green Square Town Centre	Joint operation	<ul style="list-style-type: none"> <li>Mirvac Green Square Limited</li> </ul>	Green Square, NSW	Yes	Yes
Newcastle East End	Joint operation	<ul style="list-style-type: none"> <li>GPT Hunter Custodian Pty Ltd</li> </ul>	Newcastle, NSW	Yes	Yes
Bonnyrigg	Joint operation	<ul style="list-style-type: none"> <li>NSW Land and Housing Corporation</li> </ul>	Bonnyrigg, NSW	Yes	Yes
Airds Bradbury Renewal	Joint operation	<ul style="list-style-type: none"> <li>NSW Land and Housing Corporation</li> </ul>	Airds, NSW	Yes	Yes
Claymore Renewal	Joint operation	<ul style="list-style-type: none"> <li>NSW Land and Housing Corporation</li> </ul>	Claymore, NSW	Yes	Yes

# Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 28 Discontinued Operations

In May 2017, following a decision by NSW Government acting in its capacity as owner, UrbanGrowth NSW committed to a plan to transfer management of the following major urban transformation projects to the UrbanGrowth NSW Development Corporation:

- The Bays Precinct
- Central to Eveleigh
- Parramatta North
- Anzac Parade South

The plan also involved the transfer of the management of the Newcastle Urban Transformation Program to the Hunter Development Corporation.

Accordingly, the assets and liabilities associated with those projects are presented as held-for-distribution to owners at 30 June 2017. The assets and liabilities of each project consist of inventory balances accounted and employee benefit liabilities.

The assets and liabilities are expected to transfer during the financial year 2017/18, upon which UrbanGrowth NSW will record a distribution to owners via an adjustment to contributed capital, on the basis of the transaction is with its shareholders in their capacity as owners.

(a) Assets and liabilities of disposal group held for distribution

	2017 \$'000
<b>Inventories</b>	
Assets held for distribution	2,367
<b>Employee benefit liabilities</b>	
Liabilities held for distribution	1,224
<b>Total Assets and Liabilities for distribution</b>	<b>3,591</b>

## 29 Events After Reporting Period

On 31 July 2017, assets and liabilities in the disposal group held for distribution to owners were transferred to Hunter Development Corporation. The balance of the assets and liabilities for UrbanGrowth Development Corporation is expected to be transferred during the financial year 2017/18.

## 30 Segment Information

For the 12 months to the 30 June 2017 and 2016 UrbanGrowth NSW operated in one business segment, and one geographical segment. Consequently, a segment report for 2017 and 2016 has not been reported.

End of Financial Statements



## Index

Addressing discrimination in the workforce	51	Ministers' Letter	03
Authorised proactive release of information under S.7 (3) of GIPA Act 2009	44	Miscellaneous activities	53
Awards	32	Multicultural policies and services program	48
Board of Directors	10	NSW Government action plan for women	51
Board of Directors, meetings and committees	39	Notes to and forming part of the Financial Statements	64
Board performance review	40	Our governance structure	20
Business continuity	41	Our guarantee of service	51
CBD Projects Portfolio	28	Our organisation	18
Chairman's review	06	Our portfolio	19
Chief Executive Officer's review	08	Our charter and function	38
Code of Conduct	51	Overseas visits	53
Committee meetings	39	Performance against operational objectives	22
Compliments and complaints feedback system	51	Principal objectives	38
Consultancies	53	Privacy	45
Corporate activities	38	Procedures for shareholder and employee consultation and feedback	52
Corporate directory	105	Production cost of Annual Report	53
Executive Management Team	14	Promotion	52
Directors' Declaration	59	Public access to information and the protection of privacy	42
Disclosure of approved exemptions	54	Public Interest Disclosures Act 1994	45
Ethnic affairs priorities statement	48	Risk management	41
Executive positions	52	Staff - performance management system	40
Financial statements	56	Stakeholder engagement	35
FY 16/17 economical and financial highlights	21	Statement of cash flows	62
Government Information (Public Access) (GIPA) - Formal access applications	42	Statement of changes in equity	63
Highlights of this year's achievements	22	Statement of comprehensive income	60
Hunter Development Corporation v Save Our Rail Court of Appeal Proceedings	46	Statement of financial position	61
Implementing our values	51	Sustainability Strategy	34
Independent Auditor's Report	57	The Bays Precinct, Sydney	30
Insurance	41	Thornton North penrith No. 3 Pty Limited v Landcom Supreme Court proceedings	46
Lachlan's Line - defending a review of a GIPA Act decision sought by Meriton	46	Trends in the Representation of Workforce Diversity Groups	50
Legal events	46	Western Sydney Projects Portfolio	24
Legislative Changes	46	Work health and safety	46
Looking ahead to FY16/17	36	Workforce diversity performance	50
Measuring performance	40		
Ministerial statement of priorities	18		

## Corporate directory

The current and previous Annual Reports have been transferred to Landcom and can be downloaded at:  
**[www.landcom.com.au/publications](http://www.landcom.com.au/publications)**

For general enquiries contact: **[info@landcom.com.au](mailto:info@landcom.com.au)**

### **Landcom**

Level 14, 60 Station Street  
Parramatta NSW 2150  
PO Box 237  
Parramatta NSW 2124

Phone: (02) 9841 8600  
Fax: (02) 9841 8688

### **UrbanGrowth NSW Development Corporation**

Level 12, MLC Centre, 19 Martin Place  
Sydney NSW 2000  
PO Box Q1744  
Sydney NSW 2000

Phone: (02) 9841 8600  
Fax: (02) 9841 8688



**Urban  
Growth  
NSW**

### **Contact details**

**Phone** (02) 9841 8600  
**Mail** Level 14, 60 Station Street  
PO Box 237  
Parramatta NSW 2150

### **Disclaimer**

UrbanGrowth NSW reasonably believes this document is correct at the date of publication but gives no warranty or representation as to its accuracy or completeness. To the extent permitted by law, UrbanGrowth NSW (including its agents and employees) disclaims any liability whatsoever in connection with, reliance upon, or use of this document by any person.