



The Bays Precinct, Sydney.

Annual Report 2015



Urban
Growth
NSW



The Bays Precinct Sydneysiders Summit aimed to build public knowledge, understanding, and participation in the transformation of The Bays Precinct.

Date 26 October 2015

The Hon. Gladys Berejiklian MP

Treasurer and Minister for Industrial Relations
52 Martin Place
Sydney NSW 2000

The Hon. Dominic Perrottet MP

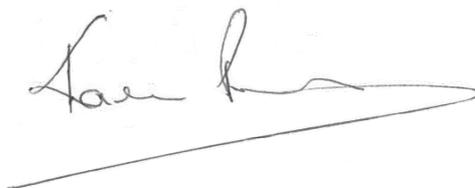
Minister for Finance, Services and Property
52 Martin Place
Sydney NSW 2000

Dear Treasurer and Minister,

We are pleased to submit to you, for presentation to the Parliament of New South Wales, the Annual Report for the year ended 30 June 2015. The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the applicable provisions of the *Public Finance and Audit Act 1983*.



John Brogden AM
Chairman



Karen Penrose
Director



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Indicative artist impression of mixed used precinct at Lachlan's Line. Subject to change.

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Chairman's review



On behalf of the Board of Directors and staff of UrbanGrowth NSW, I am pleased to present our organisation's Annual Report for 2015. The past year has been one of consistent and significant progress in the delivery of our government mandate, strengthening our corporate governance, and establishing the credentials of our expanded organisation both nationally and internationally.

UrbanGrowth NSW, originally Landcom, was created to address market failure and deliver complex, strategic projects that help realise the NSW Government's urban and regional development objectives. Tasked with a four-year program to deliver 10,000 home sites across Western Sydney, I am proud to say that in March 2015, our 10,000th home site was delivered, three months ahead of schedule.

Projects in the 10,000 home sites program have won a range of industry awards. These projects are helping to create thriving new communities and supporting infrastructure across Sydney, while also addressing the state's critical need for housing.

The NSW Government has recognised our capability to deliver government priorities, and has subsequently tasked us with a 20,000 home sites target for the next four years. We welcome this responsibility and the opportunities it presents.

We are also intersecting our work with the NSW Department of Planning and Environment's Metropolitan Strategy (*A Plan for Growing Sydney 2014*). By being a critical component in the plan's delivery, we are now firmly positioned to lead a portfolio of complex major urban transformation projects. This comes with the responsibility to address housing supply and economic objectives, while contributing to the NSW Government's vision for Sydney and NSW.

This Annual Report shows the solid headway we have achieved as we continue to transition our focus towards urban transformation programs along transit corridors. In the past year we have brought a number of strategic sites to market that will enable a diverse range of housing opportunities, drive economic growth, and deliver unique urban spaces. This is particularly evident at projects like Green Square, where our work has enabled successful private sector engagement – and at Wentworth Point, and Lachlan's Line, where we are moving towards similar outcomes.

We have maintained our tradition of meeting or exceeding our financial targets, achieving a net profit after tax of \$127.2 million, and returning \$129.9 million in dividend and tax equivalent payments back to government.

This year Bonita Boezeman completed her tenure with the Board, and I thank her for her four years of service. I would also like to welcome two new Board members, Karen Penrose and Ken Maher, who both bring unique and invaluable experience and perspective to our organisation.

Our success is very much a team effort. I acknowledge my fellow Directors, and the work of the Chief Executive Officer and supporting corporate management team. I would also like to thank staff across the organisation who bring their talent and unwavering passion to work each day.

Finally, I acknowledge the support and confidence that we have enjoyed from the NSW Government, in particular the Premier, our Portfolio Minister and Shareholder Ministers. Their continued support is essential to our success.

We consider it a privilege to lead and deliver these important, city-shaping projects. As ever, we take pride in our work and are driven to be an exemplar of world's best practice in what we do.

Yours sincerely,

John Brogden AM
Chairman

Chief Executive Officer's review



The past year has been highly productive for UrbanGrowth NSW as we continued to advance our mandate through a large portfolio of projects. We have strengthened our organisational structure, strategy, and processes, and I believe we are now in the right position to move to the next phase of our urban transformation programs.

A main focus this year has been on advocating and consulting on our urban transformation projects with industry experts, local residents, and the broader public. One of the more visible demonstrations of this work was on The Bays Precinct, an 80 hectare site of largely government-owned land around 94 hectares of waterways that offers a remarkable opportunity for Sydney's future.

A series of world class activities kicked off with the Premier announcing the International Summit, followed by Discovery Day, an open day attended by 25,000 Sydneysiders. We also held the Sydneysiders Summit and The Call for Great Ideas, with both initiatives giving people the opportunity to share their vision, aspirations, and ideas for The Bays Precinct. Expansive feedback will ensure the transformation plan we present to the NSW Government in October 2015 is world class and will lead to the creation of a place that is globally relevant and locally cherished.

We have also undertaken significant public participation on our Central to Eveleigh and Newcastle programs, engaging and consulting with local residents on our early thinking and draft proposals. The further refinement of our transformation strategies and transition to an operational phase, as seen at Green Square, reflects the process that will catalyse the creation of vibrant places with access to improved public transport and better public domain – outcomes we aim to deliver across our entire portfolio.

At Green Square, ongoing masterplanning and partnerships with government agencies and the private sector have led to the commencement of infrastructure and civil works, and three residential releases of more than 450 apartment sales.

Another important part of our work is developing collaborative relationships and partnerships with government agencies and councils. This is particularly evident on our Parramatta Road program where we are working with nine local councils, and at Airds Bradbury where we are partnering with the NSW Land and Housing Corporation on the long-term rejuvenation of the public housing estate.

Across our wholesale projects our ongoing work with government agencies to rezone, de-risk, masterplan, and deliver lead-in infrastructure will unlock more than a billion dollars worth of underused government-owned land for private sector development. Projects including Lachlan's Line, Wentworth Point, and Edmondson Park Town Centre will ultimately deliver facilities for local communities, and critical new housing and jobs for NSW.

As highlighted in the Chairman's review, the 10,000 home sites program was achieved three months ahead of schedule. This achievement is simply outstanding. I cannot overstate the scale of work delivered by our passionate staff and the positive impact it has had in shaping new communities across Western Sydney.

The new 20,000 home sites target set for us by the NSW Government over the next four years is a challenge we will proudly work to achieve. By enabling projects, we will accelerate new housing supply that promotes choice and affordability to meet the needs of growing Sydney and the changing lifestyles of its residents.

This target is only a small aspect of our work. Over the coming 20 years our projects will enable up to 170,000 new homes in metropolitan Sydney. These will be part of great places underpinned by our sustainability framework. More information on this will be included in our forthcoming Sustainability Report.

Within our organisation, I am pleased to recognise the ongoing work of my corporate management team and welcome two new members: Jillian Khoo, General Counsel, and John Richmond, General Manager of Commercial Management. These appointments, along with the promotion of Julian Frecklington to Chief Operating Officer, bring further rigour to our strategic capability. I am also proud of the gender diversity we now have across the management team and broader business.

Finally, my sincere thanks must be given to the outstanding contribution, passion and dedication of our staff. Each day they live our values by being visionary, courageous, collaborative and accountable. As a consequence, their efforts contribute to the broader cause of positively shaping our cities and creating value for the people and economy of NSW.

The year ahead promises to be exciting, and one in which we will continue to meet the tasks set for us by the NSW Government, while aiming to strengthen our international networks and set a world class benchmark for urban transformation in Australia.

Yours sincerely,

David Pitchford CBE LVO
Chief Executive Officer

Board of Directors



John Brogden AM

Chairman, appointed January 2012

John Brogden is currently the Managing Director and Chief Executive Officer of the Australian Institute of Company Directors.

Prior to this, John was CEO of the Financial Services Council from 2009 to 2015. He has also been CEO of Manchester Unity and the Chairman of Abacus Australian Mutuals. 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 is the Chairman of Lifeline Australia, Furlough House Retirement Village, The Broken Bay Institute, and a former Non-Executive Director of NIA (trading as health.com.au). John is also the patron of Sailability Pittwater, Bilgola Surf Lifesaving Club, Avalon Beach Surf Lifesaving Club, and Kookaburra Kids.

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



Robert Hamilton

Appointed February 2011

Robert Hamilton's career spans over 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 Fellow of the Australian Property Institute and a member of the Real Estate Institute of Australia.



Ken Maher

Appointed December 2014

Ken Maher 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 a Professor of Practice in the Faculty of Built Environment at the University of NSW. He is also a Director of the Australian Institute of Architects Foundation, CRC for Low Carbon Living, and IBL Limited. He is Chair of the City of Sydney's Urban Design Advisory Panel, and a member of the Sydney Opera House Eminent Architects Panel and the Transport for NSW Urban Domain Reference Group.

Ken is the National President, a Director, and a Life Fellow of the Australian Institute of Architects, and President of the Australian Sustainable Built Environment Council. He is also a Fellow of the Australian Institute of Landscape Architects, the Australian Property Institute, and the Green Building Council of Australia. Ken holds a Bachelor of Architecture with first class honours, a Masters of Architecture, a Graduate Diploma of Landscape Design, and a Graduate Diploma of Environmental Studies. In 2009, Ken was awarded the Australian Institute of Architects Gold Medal.



Karen Penrose
Appointed August 2014

Karen Penrose has over 30 years business experience across finance, property, and resources, including 20 years in banking with CBA and HSBC Bank Australia. More recently, she has held Chief Financial Officer and Chief Operating Officer roles with Wilson HTM Investment Group and Keybridge Capital.

Karen is a Non-Executive Director of Federation Limited, AWE Limited, Spark Infrastructure Group, Federation Centres, Future Generation Global Investment Company Limited, and Marshall Investments Pty Ltd. She is a former Non-Executive Director of Novion Limited and Silver Chef Limited.

Karen is a member of CPA Australia, a Graduate Member of the Australian Institute of Company Directors, and holds a Bachelor of Commerce.



Matthew Quinn
Appointed August 2013

Matthew Quinn was the Managing Director of Stockland from 2000 to 2013. Matthew's management career with Stockland spanned 12 years, and he has an extensive background in commercial, retail, industrial and residential property investment and development.

Matthew is a Non-Executive Director of CSR Limited and Chairman of Carbonxt Group Limited. 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 of the Royal Institute of Chartered Surveyors. He has a first class honours degree in Chemistry and Management Science from Imperial College, London.



Bonita Boezeman AO*
Appointed February 2011

Bonita Boezeman worked for Time Warner Inc. for 23 years in Europe and Australia, including over 12 years as Managing Director of Time Life, South Pacific. Bonita's experience covers marketing, finance, strategy, retail, internet, gaming, entertainment, and over 12 years as a director in the government property sector.

Bonita was founding Chairman of PayPal Australia and currently chairs Poli Payments, and an internet start-up called ShopReply. She is also on the board of Centric Wealth, and not-for-profits the Order of Australia Foundation Association, ARS Musica Australis, NSW Olympic Committee, and The East West Foundation.

Bonita was made an Officer in the Order of Australia in 2003 and was awarded the Centenary Medal in the same year. Bonita has a PMD diploma from Harvard Business School.

*Retired February 2015.

Corporate management team



David Pitchford CBE LVO
Chief Executive Officer

David was appointed Chief Executive Officer of UrbanGrowth NSW in September 2013. David oversees the direction and ambition of the organisation, and interfaces with portfolio ministers and the Board. He has more than 35 years of experience as the head of public and private organisations.

In 2007 David was General Manager of Palm Jumeirah City in Dubai, one of the world's most ambitious development projects. His most recent role was as the Executive Director and Head of Profession, Project Management, for the United Kingdom's Major Projects Authority.

David began his career in the Office of the Tasmanian Governor and then moved into Chief Executive Officer roles with the Australian Centenary of Federation and the City of Melbourne. He was also Chief Operating Officer of the 2006 Melbourne Commonwealth Games.

David has been recognised as a Commander of the Order of the British Empire (CBE) and Lieutenant of the Royal Victorian Order (LVO).



Julian Frecklington
Chief Operating Officer

Julian joined UrbanGrowth NSW in January 2013 as Head of Strategy, and was appointed Chief Operating Officer in April 2015.

Julian is responsible for establishing the strategy for UrbanGrowth NSW, and for building the organisational capabilities and funding platform to deliver it.

Julian has over 15 years experience in the real estate sector and a diverse background in strategy, property, and law. He has worked for a number of Australia's leading developers including Stockland and Multiplex Brookfield, and has held senior management positions in funds management, business development, and project delivery. Julian has also worked as a finance lawyer at Clayton Utz and as a strategy consultant at Bain & Company.

Julian holds a Bachelor of Engineering (Honours 1), Bachelor of Laws, Masters of Business Administration, and is a Graduate Member of the Australian Institute of Company Directors.



Peter Anderson*
Head of Wholesale Projects

Peter leads and manages UrbanGrowth NSW's Wholesale project teams in creating development-ready opportunities for the private sector. Peter has over 30 years experience in the property industry, having worked in government, private consultancy, and development organisations.

Peter provides strategic development advice to NSW Planning and Environment, NSW Department of Finance, Services and Innovation, NSW Land and Housing Corporation, NSW Department of Premier and Cabinet, and other government agencies.

Peter started with UrbanGrowth NSW in 2006, working as a Business Development Director.

Before joining UrbanGrowth NSW, Peter worked as a Senior Development Director for Stockland Residential Communities, and was Director of Anderson Projects NSW. Peter holds a Bachelor of Commerce (Land Economics), a Certificate of Management, and is a qualified Engineering Surveyor.

*Left position September 2015.



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 over 25 years of 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 Limited, DCA Aged Care, and RG Capital.

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



Jillian Khoo
General Counsel

Jillian was appointed as General Counsel in January 2015. Jillian is the organisation's key legal adviser, and leads a team of solicitors and paralegals.

Jillian has worked across multiple Australian jurisdictions and a variety of real estate sectors. She has a strong background in project specific financing, development, and joint ventures, with expertise in managing a variety of 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).



Simon Pagett
Head of Urban
Transformation Division

Simon joined UrbanGrowth NSW in March 2014 as the Head of the Urban Transformation Division, overseeing the delivery of the major urban transformation portfolio. Simon has over 25 years of experience in the property industry working with Lend Lease.

Simon has a depth of operational and strategic experience in building and leading teams that manage a diverse portfolio of large scale infrastructure and urban renewal projects with complex approval processes.

In his time with Lend Lease, Simon filled a variety of senior roles, including managing the Communities Portfolio for NSW/ACT, General Manager, Development (Retirement Living and Aged Care), and Chief Operating Officer of Lend Lease Residential.

Simon has held senior positions on high profile projects including Brisbane's new International Airport Terminal and the Sydney 2000 Olympic Village. Simon has a Bachelor of Engineering (Civil Engineering), and is a licensed Real Estate Agent.

Corporate management team



John Richmond
General Manager,
Commercial Management

John joined UrbanGrowth NSW in April 2015 as General Manager, Commercial Management.

John leads the Commercial Management and Business Development functions of UrbanGrowth NSW, and works across acquisitions, project commercialisation, investment reviews, business strategy and capital transactions.

John has 15 years experience in the property industry spanning architecture, property development and investment banking. John spent 9 years as a Lead Real Estate Equities Analyst at Credit Suisse and Merrill Lynch, and also worked at Stockland as a Development Manager and on acquisitions.

John holds a Masters of Business Administration and a Bachelor of Architecture, and is a member of the Assets and Finance Committee for the not-for-profit group Achieve Australia.



Lisa Rippon-Lee
Head of Corporate Affairs

Lisa joined UrbanGrowth NSW in March 2014, and is responsible for corporate affairs 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, having spent more than 20 years in corporate affairs.

Lisa has worked in a range of multi-national 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.



Simone Westcott
General Manager,
Human Resources

Simone was appointed as General Manager, Human Resources, in September 2012. Simone has more than 15 years experience in human resources spanning a number of industries including hospitality, financial services, and property.

Simone commenced her human resources career with Stamford Hotels before transitioning into the property industry and working at Jones Lang LaSalle for seven years in roles including Associate Director, HR. In 2007, Simone was at ING Real Estate as Head of Human Resources, a position that encompassed the development, commercial banking, and investment management businesses.

Simone has proven experience in a range of human resources disciplines including strategy, change management, business restructuring, payroll transition, and recruitment and selection. Simone has a Diploma of Human Resource Management, and Advanced Certificate of Hospitality and Catering.



Victoria White
General Manager,
Business Assurance

Victoria was appointed General Manager, Business Assurance, in March 2014. Victoria's role is to position the organisation to be a centre of excellence for portfolio and project planning, development, delivery, governance, and collaboration.

Victoria was most recently a General Manager at Infrastructure Australia, where she collaborated with state and federal governments and the private sector to identify and assess multi-billion dollar infrastructure projects. She also prepared the National Infrastructure Plan and was responsible for delivering the National Infrastructure Priority List.

Victoria has held senior advisory roles at the NSW Department of Premier and Cabinet and Infrastructure NSW, and moved to Sydney to manage Sydney Water's capital investment program from 2005 to 2009. She has a Bachelor of Engineering (Chemical), a Masters of Business Administration, a Masters of Economics, and a Graduate Diploma in Environmental Studies.



Robert Sullivan*
Head of Retail Transition

Robert joined the organisation in November 2007. Robert's role as the Head of Retail Transition oversees the transition of UrbanGrowth NSW's business focus to major urban transformation projects. He has over 25 years experience in sales and marketing, including the position of General Manager, Corporate Marketing, at UrbanGrowth NSW for six years.

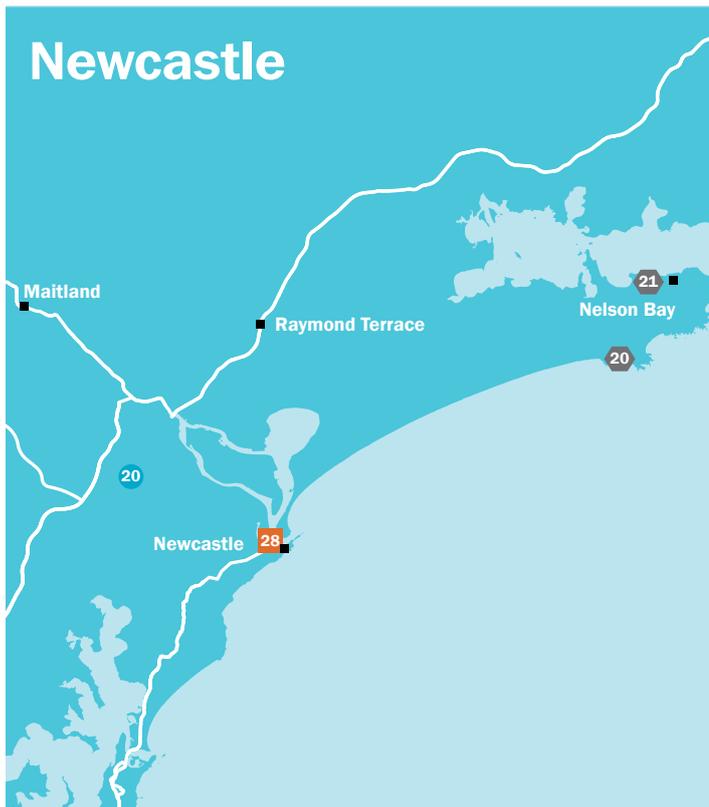
Robert has held other head of marketing roles within the development, gaming, entertainment, television, club, and sports industries. He has worked as the Senior Marketing Manager for the Australian Jockey Club, Executive Marketing Manager for Clubs NSW, and Director, Sales and Marketing, for Stargames Corporation Pty Ltd.

Robert holds a Masters in Management, a Marketing Management Certificate, and a Marketing Certificate.

*Left position July 2015.

Our organisation

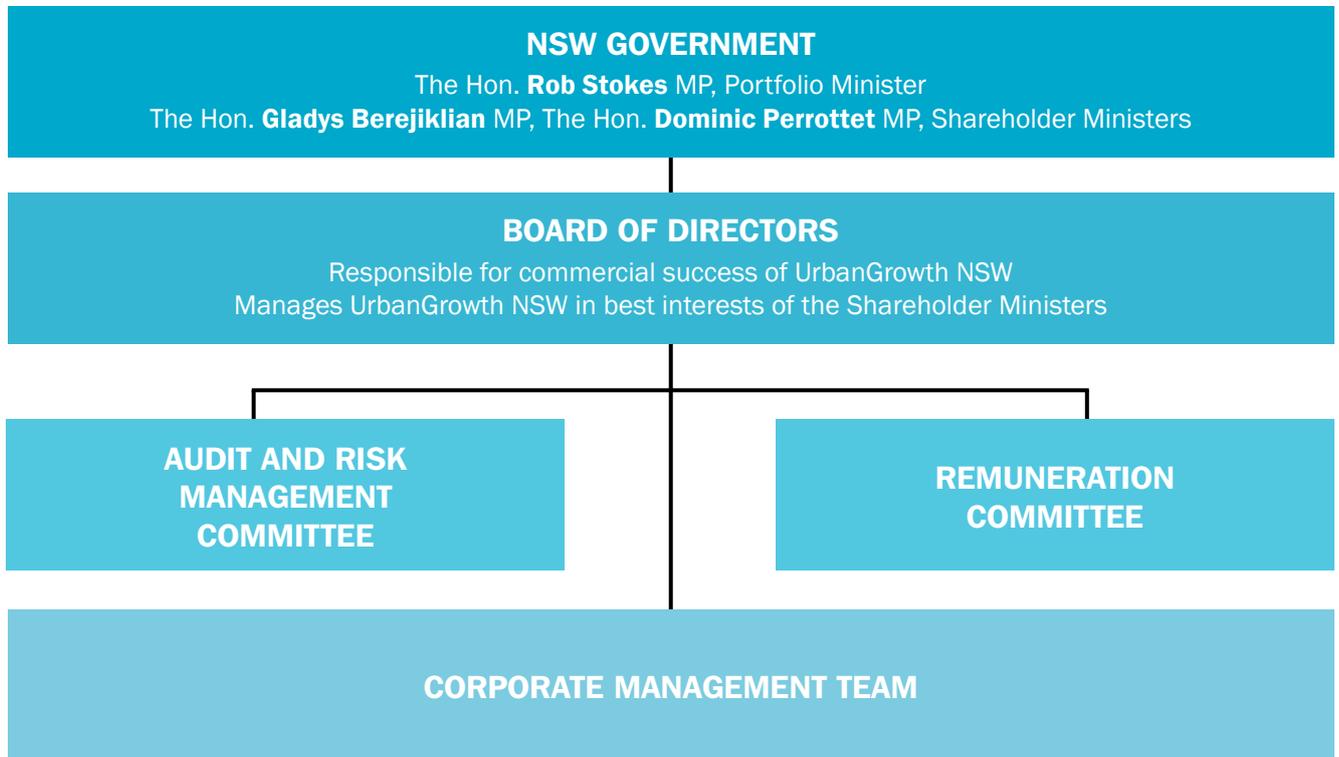
Our projects



Key:

- | | |
|-----------------------|--|
| 1. The Ponds | 24. Talana |
| 2. Rouse Hill | 25. North Warnervale |
| 3. Thornton | 26. Green Square Town Centre |
| 4. Caddens | 27. Central to Eveleigh Urban Transformation & Transport Program |
| 5. Bunya | 28. Newcastle Urban Transformation & Transport Program |
| 6. Riverstone | 29. Parramatta North Urban Transformation Program |
| 7. Schofields Terrace | 30. Parramatta Road Urban Transformation Program |
| 8. Highcrest | 31. Sydney Metro North West Urban Transformation Program |
| 9. Edmondson Park | 32. The Bays Precinct Sydney Urban Transformation Program |
| 10. Oran Park Town | 33. Lachlan's Line, Macquarie Park |
| 11. Claymore | 34. The Peninsula, Wentworth Point |
| 12. One Minto | |
| 13. Newbrook | |
| 14. Macarthur Heights | |
| 15. East Village | |
| 16. Potts Hill | |
| 17. Renwick | |
| 18. Menangle Park | |
| 19. Elizabeth Hills | |
| 20. Sanctuary | |
| 21. Vantage | |
| 22. Macarthur Gardens | |
| 23. Woodlands | |

Our governance structure



FY14/15 highlights

\$647 million

Sales revenue

\$130 million

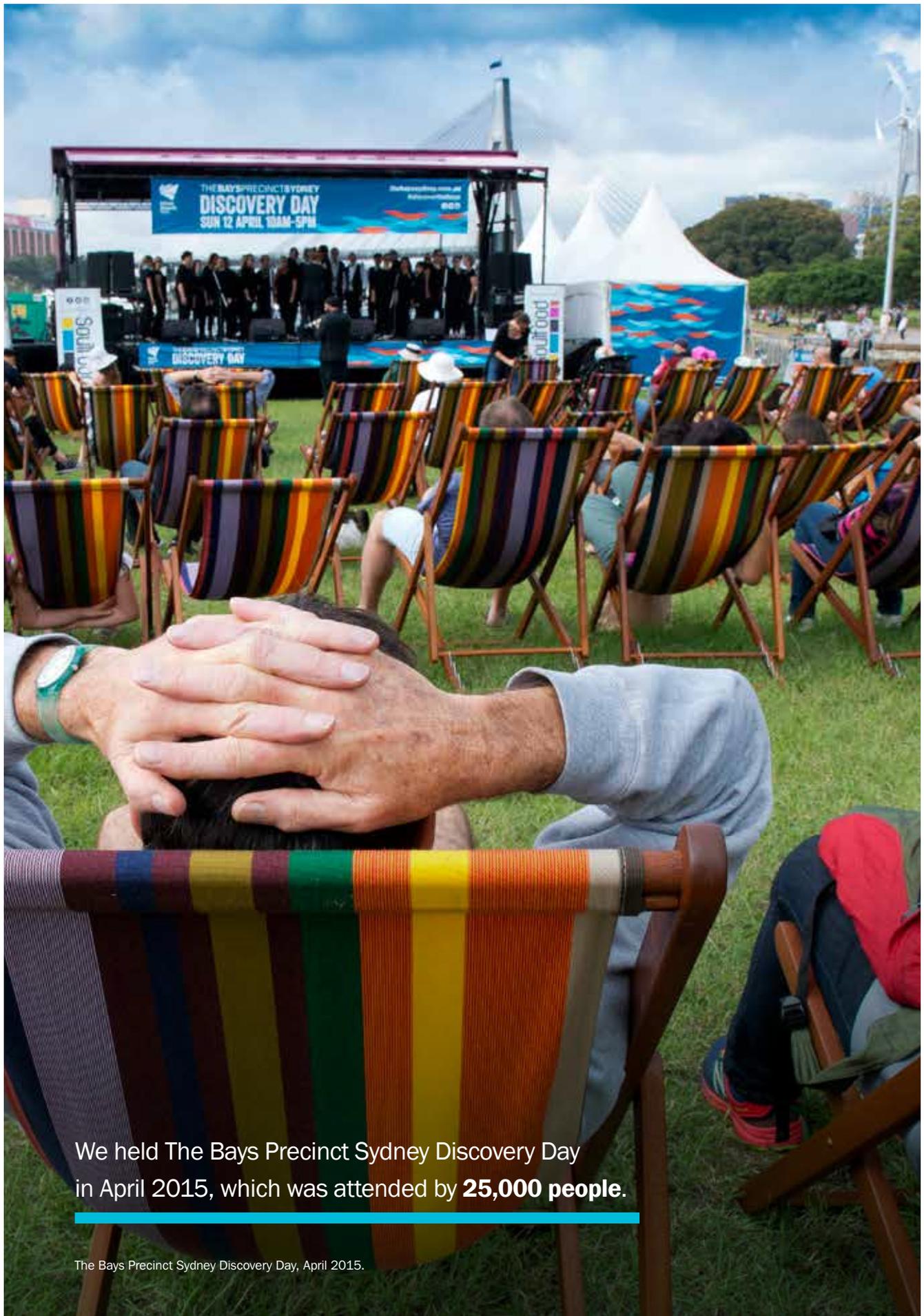
Returned to the state government
(dividends and tax equivalent payments)

\$127 million

Net profit after tax

5,187

Dwellings released



We held The Bays Precinct Sydney Discovery Day in April 2015, which was attended by **25,000 people**.

The Bays Precinct Sydney Discovery Day, April 2015.

Highlights of this year's achievements

Significant work during the past year has aligned our organisation's focus towards major urban transformation programs. These programs are complex in nature and long term in delivery. They will create world class urban places close to public transport, with new housing choices, community facilities, and jobs.

Major urban transformation programs

Our main emphasis has been on defining ambition and intent. This allowed us to engage with the public and collaborate with government, and position the programs to commence on-the-ground works in the coming year.

Engaging with the public

Following the success of The Bays Precinct Sydney – International Summit in November 2014, we held The Bays Precinct Sydney Discovery Day and the Sydneysiders Summit and Leadership Forums in April 2015. Discovery Day was attended by 25,000 people.

We released *Transforming City Living: The Bays Precinct* at the Sydneysiders Summit, a discussion paper for public comment that identified the ambition, goals and possibilities for The Bays Precinct. We also launched The Call for Great Ideas in May 2015, which provided an opportunity for anyone with an interest in this critical area to contribute to the transformation process.

The Central to Eveleigh program also undertook a series of public participation events during the financial year, including study nights and a day-long community workshop. Events were designed to help share information about the principles and approach of the transformation. These engagement activities also captured feedback and will help inform the transformation plan.

We held Design Newcastle, a two month-long community engagement program, as part of the Newcastle Urban Transformation and Transport Program. Design Newcastle engaged with over 950 stakeholders, including individuals, community groups, local council, and representatives from government agencies.

Public participation also took place around the *Draft Parramatta Road Urban Renewal Strategy*, which was released in November 2014. To support the release, we held two community information sessions and opened a public display office.

The planning framework rezoning exhibition for the Parramatta North Urban Transformation Program also enabled us to undertake a series of public participation events. A series of charrettes and council briefings ensured that all stakeholders had an opportunity to feed their ideas into the framework.

Collaborating with government, industry and the private sector

Engaging and collaborating across government and industry is critical to our work. During the financial year we continued our collaboration with nine of the 10 councils along the Parramatta Road Corridor under a formal Memorandum of Understanding. This has also seen council officers seconded to an integrated project team and working directly with UrbanGrowth NSW and other government agencies.

Similarly, we worked with Transport for NSW on the Sydney Metro North West program to start achieving best practice transit-oriented development for when the Sydney Metro begins operations in early 2019.

At Green Square construction started on the Town Centre in February 2015 with a ground breaking ceremony for Ebsworth, the centre's first residential building. Through our development partner, Mirvac, three residential releases totalling 450 apartments were brought to market. When completed, our land holdings at the Town Centre will accommodate around 1,900 dwellings, 48,600 square metres of office space, plus 14,000 square metres of retail, and result in 6,000 jobs.

Looking ahead

Our main goal in the next financial year is to advance from discussions and plans, taking into account the ideas and concerns from all those we've worked with, and, move into the reality of delivering world class urban places that Sydney can be proud of.

Wholesale projects

Our wholesale division progressed several projects that will unlock the potential of surplus or under-utilised government-owned land during FY14/15. Our work will enable us to take to the market land that will ultimately deliver over 5,000 new home sites.

Enabling infrastructure and housing supply

A project that particularly reflects the opportunities and benefits of our approach to partnering with the private sector is Thornton. Delivered in a partnership with St Hilliers, this project is transforming the Penrith CBD, enabling new housing, urban living precincts and is a pioneering example of regional centre living in the 21st century.

Thornton is recognised for its industry leading approach in delivering compact housing, while the village centre will establish a high density, urban living precinct in Penrith. The past year has seen several key development milestones, including the sale of the first apartments, as well as the delivery of a community housing development with Evolve Housing. We also secured plans for a seniors living and aged care facility, as well as the adaptive reuse of Thornton Hall as a child care centre.

At Lachlan's Line, we are the site masterplan developer, delivering the required civil infrastructure, parks, roads and play areas. In the past year we received development approvals for lead-in infrastructure and civil works. We also completed the precinct's first super-lot sale—the Station North site—to Australand/LaSalle. When completed, this project will provide 2,700 new dwellings with parks, retail and public domain areas.

The Peninsula is located at the northern end of Wentworth Point, and we are the site's development manager on behalf of Roads and Maritime Services (RMS). In FY14/15 the project received \$5 million in funding from the NSW Government's Precinct Support Scheme towards the design and construction of the Peninsula Park, and a number of development applications have been lodged with council around planned subdivisions and infrastructure works.

At Edmondson Park we are leading the development of a new regional centre on the new South West Rail Line. We released an expressions of interest campaign for the Town Centre site, and completed enabling infrastructure to provide services to over 3,000 lots, with the added benefit of catalysing development for over 1,000 privately owned lots. We also worked with Transport for NSW and other state agencies to complete the construction of Soldiers Parade (the key link to the new Edmondson Park Station), and two rail bridges. Our infrastructure and development activity in the region is catalysing the development of fragmented landholdings with a lot capacity of over 4,900.



Wentworth Point. Indicative artist impression. Subject to change.



Our work this financial year across our wholesale projects, will enable us to take to the market land that will ultimately deliver **over 5,000 new home sites.**



The Ponds is now a thriving community of over **12,000 residents** and has won **11 Industry awards**.

Lake's Edge Park, The Ponds.



Land development projects: The 10,000 home sites program

We achieved a significant milestone for our organisation in March of this year with the completion of the 10,000 home sites program.

Starting in 2011 and finishing three months ahead of schedule demonstrates our desire to exceed expectations and deliver on the tasks set by the NSW Government. The program was capped off by the successful launch of our Newbrook project at Airs, which received an excellent response from the market.

The early delivery of the program was only possible through effective government and industry partnerships including those with councils, government departments, power utilities, infrastructure providers like RMS and Sydney Water, and a range of builders, contractors and developers.

One of our key industry partnerships came to fruition in June 2015 when Australand delivered The Ponds Shopping Centre, which received a globally recognised 6 Star Green Star – Retail Centre Design v1 rating. This was the final piece awaiting delivery in our masterplanned suburb, The Ponds, and with the sale of all our lots, marked our completed engagement in the project. The Ponds is now a thriving community of over 12,000 residents and has won 11 Industry awards, as well as the coveted title of 'most advantaged suburb' by the Australian Bureau of Statistics.

The largest contributor to the 10,000 home sites program was Oran Park with more than 2,000 lots released over the four year period, with 669 of those achieved in FY14/15. When completed Oran Park Town will be home to over 25,000 people living in 8,000 homes all centred around a modern new town centre of over 30 hectares. Coinciding with the opening of the Town Centre, during the year we commissioned the intersection of The Northern Road and Peter Brock Drive. This significant piece of infrastructure provides a second entrance into Oran Park Town and represents the first stage of The Northern Road upgrade. We also started construction of Camden Council's new \$35 million Central Administration Building, which will eventually house 400 employees within the Town Centre.

Supporting communities in need

We have also used our collaborative ties across government to contribute to the goals of other government agencies. Our partnership with Ageing, Disability and Home Care (ADHC) helped deliver housing for people within their programs, including over 35 group homes that account for 200 beds/placements for people with a disability, along with acquiring 23 sites for construction.

We also worked with NSW Land and Housing Corporation to help renew disadvantaged social housing estates through Newbrook at Airs and One Minto. We also commenced works on the first stages of renewal of the housing estate at Claymore. These projects positively impact the demographic and social mix of these revitalised areas and enable critical government services to be delivered.

Delivering economic returns

We have delivered on a key NSW Government directive to drive housing supply for NSW while generating a return on investment for taxpayers. During the last financial year we brought 5,187 releases to market, generating sales release revenue of more than \$1 billion.



Proposed Edmondson Park Town Centre. Artist Impression. Subject to change.

Looking ahead to FY15/16

Organisational objectives:

- We will substantially progress our commitment to deliver 20,000 home sites by 2019.
- We will meet our financial targets as outlined in our Statement of Corporate Intent.

Project objectives: across the portfolio



The Bays Precinct

Release the Transformation Plan by October 2015.



Lachlan's Line

Achieve the sale of Stage 2.



Parramatta Road

Release the Draft Transformation Strategy for public display by October 2015.



The Peninsula

Complete the invitation to tender.



Newcastle

Achieve development approval of the East End development.



South West Portfolio

Achieve the Sale of key projects in South West Sydney.



Parramatta North

Achieve precinct rezoning.



Riverstone

Manage the second round ballot of the Scheduled Lands.



Proposed North Penrith Station, Plaza (Thornton).
Indicative artist impression only. Subject to change.

Corporate activities

Our charter and function

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. Our role is to act as the master developer on complex urban transformation projects which contain government land and support critical infrastructure and economic clusters.

The NSW Government has established five key priorities for UrbanGrowth NSW as it undertakes its tasks.

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.

Principal objectives

Our principal objectives under the *Landcom Corporation Act 2001* 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 *Landcom Corporation Act 2001* and the constitution, the Board comprises seven Directors. The current composition of the Board has five Directors with two vacancies. The Directors are appointed by the Governor of New South Wales on the recommendation of the Shareholder Ministers and after consultation with the Portfolio Minister.

During the reporting period, the Directors were:

Mr John Brogden AM | Chairman

Mr Robert Hamilton

Mr Ken Maher

(appointed 15 December 2014)

Ms Karen Penrose

(appointed 25 August 2014)

Mr Matthew Quinn

Ms Bonita Boezeman AO

(retired 27 February 2015)

The gender breakdown for the Board at both the start and end of the reporting period was 20% women and 80% men.

The Board's role and responsibilities are contained in our Corporate Governance Charter. This 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 terms of reference, which are reviewed and approved by the Board.

Board meetings

The Board customarily meets on the fourth Friday of each month, and holds additional meetings as required. The number of meetings attended by each Director during the reporting period, and the number of meetings each Director was eligible to attend, were as follows:

Director	Board meetings attended	Board meetings eligible to attend
Mr J Brogden AM	13	15
Mr R Hamilton	14	15
Mr K Maher	8	9
Ms K Penrose	12	12
Mr M Quinn	13	15
Ms B Boezeman AO*	9	9

*Former Director

Committee meetings

Directors participated in two committees during the reporting period, the membership of which is reviewed annually. Directors' membership of the committees at the end of the reporting period was as follows:

Audit and Risk Management Committee*:

Ms Karen Penrose | Chair

Mr Ken Maher

Mr Matthew Quinn

**Ms Bonita Boezeman AO was Chair of the Committee, and Mr Robert Hamilton was a member of the Committee, during the reporting period.*

Remuneration Committee:

All Directors

Measuring performance

We consider ourselves successful if we meet our goals as outlined in our Ministerial statement of priorities (see page 25).

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 continual improvement. The review may also encompass the performance of the Board's committees and of individual Directors.

The Board will approve 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. A formal review of the Board's performance is planned to be undertaken in the next period.

Performance management system

A performance management system is in place to review the individual performance of all staff.

Risk management and insurance

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.

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

- ensured the Board, Chief Executive Officer, senior managers, and all staff have made a commitment to risk management

- enhanced the integration of risk management processes within our business processes
- assigned risk management responsibilities within the organisation
- refined our risk framework and improved guidelines on risk tolerance and reporting accountability
- allocated appropriate resources to the training and development of relevant stakeholders in enhanced risk awareness and continual improvement.

Our risk management and performance review processes aim to minimise the consequences of events that could adversely affect our reputation and our ability to achieve targets. Our risk management framework includes:

- regular Board reviews of risks to the organisation
- an internal audit program supported by reviews by independent certifiers
- reviews of the financial capacity of our partners.

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 our Environmental Management System.

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 disaster.

Periodic testing of the plan focuses on rehearsing likely business disruption scenarios such as workplace recovery, response to illness issues, and any impacts on critical business functions such as communications, project data, land titles data, property conveyance and sales processing, and payables and receivables processing.

Insurance

Our insurance cover is provided by the NSW Treasury Managed Fund. 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 directors/officers liability. Workers Compensation Insurance is administered by Allianz Australia under the Treasury Managed Fund.

We completed our FY15/16 Renewal Declarations for the Treasury Managed Fund in November 2014 and renewed all policies for the FY15/16 policy period.

Public access to information and the protection of privacy

Government Information (Public Access) Act 2009 (GIPA Act) – Formal access applications

During the reporting period, 14 formal access applications were received under the *Government Information (Public Access) Act 2009 (GIPA Act)*. One of these applications was originally invalid but became valid after the applicant provided more information.

The processing period in the GIPA Act allowed for one application received in FY13/14 to be carried forward into FY14/15. The processing period also allowed for one decision received in FY14/15 to extend into FY15/16.

In FY14/15, 14 applications were decided as follows:

- Two applications were granted in full.
- Nine were partly refused because:
 - there were overriding public interest considerations against disclosure of some of the information (as listed in either the Section 14 Table of the GIPA Act or in Schedule 1 of the GIPA Act)
 - some of the information was not held
 - some of the information was already publicly available
 - three applications were partly refused because the application was for the disclosure of information referred to in Schedule 1 of the GIPA Act.
- Three applications were refused in full. Two of these were because they requested information not held by UrbanGrowth NSW.

The following tables contain statistical information about the formal access applications received in FY14/15.

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	3	4	4	5	1	0	0	0
Members of Parliament	0	1	1	1	0	0	0	0
Private sector business	0	0	0	0	0	1	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	1	1	0	1	0	0	0	0
Members of the public (other)	2	2	1	1	1	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

Table B | Number of applications by type of application 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
Personal information applications**	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	6	8	6	8	2	1	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

** A personal information application is an access application for personal information (as defined in clause 4 of Schedule to the Act) about the applicant (the applicant being an individual).

Table C | Invalid applications

Reason for invalidity:	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the 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 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

* More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application).

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

	Number of times consideration used
Responsible and effective government	8
Law enforcement and security	0
Individual rights, judicial processes and natural justice	4
Business interests of agencies and other persons	9
Environment, culture, economy and general matters	5
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

* More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application).

Table F | Timelines

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	14
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

Table G | Number of applications reviewed under Part 5 of the 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 Act	0	0
Review by NCAT	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H | Applications for review under Part 5 of the 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 Act)	0

Table I | Applications transferred to other agencies

	Number of applications transferred
Agency-initiated transfers	0
Application-initiated transfers	0

Authorised proactive release of information under S.7 (3) of GIPA Act 2009

Our 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 our policies, projects and initiatives. We also consider commonly requested categories of information and the impact, if any, of proactively releasing this information as is required by Section 7 of the GIPA Act.

During the year, we:

- considered the formal access applications received
- considered the informal applications received
- considered whether there were any particular categories of information that were being regularly or repeatedly requested in the formal applications
- consulted with our staff about information and categories of information that are frequently requested through team meetings, staff inductions and GIPA briefings and updates.

In addition, where we can, we share our knowledge freely within government, throughout the development industry and among the public. This practice is an effective way to build and maintain credibility and demonstrate and influence change. Recent examples include:

- We regularly updated the UrbanGrowth NSW website with the release of new and updated information on our new role, current activities and policies.
- We published the *Living Cities* eNewsletter which information and updates on our urban transformation projects.

We will review this requirement for proactive release of information within the next financial year.

Privacy

We are committed to protecting the personal information of the public, our business partners, purchasers and staff. We do this by ensuring that our activities comply with the *NSW Privacy and Personal Information Protection Act 1998* (PPIP Act) and the *NSW Health Records Information Protection Act 2002* (HRIP Act).

Our privacy management plan is based on 12 information protection principles of the PPIP Act, which establish standards for collecting, storing, using and disclosing personal information.

These are:

PRINCIPLE 1 (S.8 PPIP Act)

Collection of personal information for lawful purposes.

PRINCIPLE 2 (S.9 PPIP Act)

Collection of personal information directly from the individual.

PRINCIPLE 3 (S.10 PPIP Act)

Requirements when collecting personal information.

PRINCIPLE 4 (S.11 PPIP Act)

Other requirements relating to collection of personal information.

PRINCIPLE 5 (S.12 PPIP Act)

Retention and security of personal information.

PRINCIPLE 6 (S.13 PPIP Act)

Information about personal information held by agencies.

PRINCIPLE 7 (S.14 PPIP Act)

Access to personal information held by agencies.

PRINCIPLE 8 (S.15 PPIP Act)

Alteration of personal information.

PRINCIPLE 9 (S.16 PPIP Act)

Agency must check accuracy of personal information before use.

PRINCIPLE 10 (S.17 PPIP Act)

Limits on use of personal information.

PRINCIPLE 11 (S.18 PPIP Act)

Limits on disclosure of personal information.

PRINCIPLE 12 (S.19 PPIP Act)

Special restrictions on disclosure of personal information.

No complaints were received about the use of personal information during the reporting year.

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

UrbanGrowth NSW
PO Box 237
Parramatta NSW 2124

Or by emailing:

righttoinfo@urbangrowth.nsw.gov.au, or
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 1994*.

Section 31 Report	
Public interest disclosures made by public officials in performing their day to day functions	0
Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	0
All other public interest disclosures	2
Number of public interest disclosures we received relating to:	
i. Corrupt conduct	2
ii. Maladministration	0
iii. Serious and substantial waste of public money	0
iv. Government information contraventions	0
v. Local government pecuniary interest contraventions	0
Total	2
Number of public interest disclosures we finalised	1
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 Act have been met	<ul style="list-style-type: none"> • Staff training during induction • staff indicating that they have read and understood our internal reporting policy • messages on intranet

Legal events

Lachlan's Line – exclusion of Meriton due to a potential conflict of interest

In May 2015, Meriton filed a motion seeking an interlocutory injunction to restrain the tender process in respect to Lachlan's Line after UrbanGrowth NSW had excluded Meriton from participating in the future stage of the tender. The decision to exclude was made following Meriton's employment of an UrbanGrowth NSW development director who had been closely involved in the Lachlan's Line tender evaluation process. This decision was made in the interest of fairness to all parties involved. In a preliminary judgment, the NSW Supreme Court dismissed Meriton's attempt to stop UrbanGrowth NSW from continuing the tender process until a broader case over Meriton's exclusion was resolved. Meriton subsequently decided not to pursue the broader case and the proceedings were dismissed.

Fisherman's Bay

In May 2015, judicial review proceedings were commenced in the Land & Environment Court against Landcom and the Hunter Central Coast Joint Regional Planning Panel (JRPP) by a local community action group. They were seeking to invalidate a development consent granted by the JRPP and restrain Landcom from acting on the consent on grounds relating to local threatened species. A direction from the Minister to surrender the development consent negated the need for the proceedings to continue.

Hunter Development Corporation v Save Our Rail Court of Appeal Proceedings

In December 2014, UrbanGrowth NSW facilitated Hunter Development Corporation's participation and funded the cost of litigation after proceedings were commenced against the Transport for NSW (TfNSW) and the Hunter Development Corporation (HDC) by the Save Our Rail group against the closure of the Newcastle to Sydney heavy rail line. Save our Rail sought to challenge the government's authority to remove heavy rail infrastructure between Newcastle and Wickham without an Act of Parliament. The Supreme Court ruled that the NSW Government needed to pass an act of parliament but TfNSW and HDC appealed, and this matter was heard in the New South Wales Court of Appeal on 15 and 16 July 2015. We are awaiting judgement.

Work health and safety

We provide a safe and healthy work environment for employees, clients, and stakeholders. This is highlighted by our commitment to continuous improvement in work health and safety (WHS), which is achieved through effective planning, consultation, program implementation, training, monitoring, and review.

We frequently improve our WHS framework, and integrate safety behaviours and responsibilities into our capabilities framework.

The Chief Financial Officer is responsible for our WHS system, with underpinning processes managed by the Chief Audit & Risk Executive. We operate a WHS Consultation Committee with staff volunteers and nominated management representatives in accordance with our WHS policy. The committee meets quarterly to review previously raised issues, new issues and any near-miss incidents brought to its notice.

The WHS system and processes enable:

- a forum for employees and management to openly discuss concerns
- a regime of prevention, inspection, identification and reduction of hazards
- a philosophy of continuous improvement
- hazard identification inspections at all employee locations using defined checklists
- maintenance of an actions database to monitor the status of hazard elimination or mitigation.

There were no lost time injuries at sites under our direct control during the reporting period.

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 manage 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 made contact with over 1,500 households in nine new housing developments. The Ponds, One Minto, Bunya and Potts Hill have the highest proportion of CALD residents (for example, in The Ponds, over 50% of the population was born overseas). 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 2015 as part of our programs in Blacktown, Campbelltown and Camden. These celebrated each community's diversity and multiculturalism. 38% of Blacktown residents and 28% of Campbelltown residents were born overseas (ABS 2011).

During the year we also continued our Walking School Bus program, with six schools participating in north west Sydney. This program delivers positive health and environmental outcomes, with regular participation from over 300 students. It is estimated that up to half the participants come from CALD backgrounds.

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

Our corporate affairs staff provide guidance to project teams on community engagement. We also have a Stakeholder Consultation Workbook that includes information on engaging members of ethnic minority groups, including the provision of interpreters and written translation services. This workbook is currently being updated.

Promotional materials for our residential developments and engagement activities include information about the availability of interpreter and translation services. Posters detailing the Department of Immigration and Multicultural Affairs' translating and interpreting services are also on display in our 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, 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.

Ethnic Affairs Initiative	Key Result Area	Strategies/ Tasks	Responsibility	Resources/ Budget	Performance Indicators	Report 2014-2015	Goals for 2015-2016
Develop and implement stakeholder engagement plans.	Social Justice [1.9 Planning for Cultural Diversity]	Provide engagement consultation opportunities at project planning stages, via Welcome Programs or Community Development activities.	Head of Corporate Affairs	Division budget	100% of projects.	100% of current projects implemented community engagement activities.	100% of current projects to report on implemented community engagement activities.
Provide information about interpreter 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	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.
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 interpreter and translation services at Community Development and Community Engagement events and activities.	Head of Corporate Affairs	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.
CALD community based organisations actively encouraged to tender for the delivery of 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	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 currently delivering UrbanGrowth NSW Welcome Program at Minto.	Encourage CALD community based organisations to tender for delivery of UrbanGrowth NSW Welcome Programs in projects with anticipated high percentage of CALD residents.
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	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, The Ponds, Bunya, Potts Hill and Edmondson Park).	Plan and deliver specific initiatives for CALD families and young people in Welcome and Community Development programs.
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	Division budget	Partnerships established and maintained	Macarthur Diversity Services Inc and Catholic Care Social Services delivered a range of Community Development initiatives (playgroups, environmental education etc) in UrbanGrowth NSW Minto and Bunya 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 FY14/15, we undertook the following initiatives:

- We provided access for all employees to leadership, management and professional development programs including workshops, networking opportunities, mentoring and coaching.
- Held regular 'Lunch with the CEO' events that allowed staff to raise and discuss any issues with the Chief Executive Officer in an informal and open environment.
- We provided all new employees with a formal induction covering our workplace practices and policies on WHS, fair treatment at work, a bullying and harassment-free workplace, grievance procedures and flexible work arrangements.
- The monthly Human Resources Board Report provides information relating to gender diversity including remuneration and headcount statistics.

Planned outcomes for FY15/16

The following initiatives are planned for FY15/16:

- A Leadership Development Program will be rolled out in the second half of 2015 for senior staff and will include 360 degree assessment, personal leadership coaching, leadership framework workshop, performance feedback and coaching workshop.
- A training program to support our cultural development including leading values (for senior leaders) and living values (for all staff).
- Ongoing learning and development workshops will be held including effective communication, great presentations, overcoming conflict, the power of influence and the principled negotiator.
- Continuous monitoring of the professional development plans will take place as part of our performance development review process.
- Ongoing coaching and mentoring will be offered through our learning and development program, which provides a structure for employee growth.

Parliamentary Annual Report tables

Trends in the representation of workforce diversity groups

Workforce diversity group	Benchmark/target	2013	2014	2015
Women	50%	45.8%	47.1%	47.3%
Aboriginal people and Torres Strait Islanders	2.6%	0.0%	0.0%	0.0%
People whose first language spoken as a child was not English	19.0%	22.9%	21.3%	17.9%
People with a disability	N/A	2.1%	3.4%	2.9%
People with a disability requiring work-related adjustment	1.5%	0.0%	0.6%	0.5%

Parliamentary Annual Report tables

Trends in the distribution of workforce diversity groups

Workforce diversity group	Benchmark/target	2013	2014	2015
Women	100	86	84	88
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	92	93	94
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where workforce diversity group or non-workforce diversity group numbers are less than 20.

Addressing discrimination in the workforce

We have adopted the following measures to minimise the incidence of discrimination in the workplace:

- We provide an induction website to new staff which covers employment conditions, workplace practices, and our policies on fair treatment, grievance procedures, and anti-harassment and bullying in the workplace.
- We provide manager training in leadership skills, including performance development and effective communication skills.
- We regularly review policies and procedures to ensure they provide clear guidelines for a discrimination-free environment.

NSW Government Action Plan for Women

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

- providing extensive professional development opportunities through training programs, mentoring and coaching, and internal/external networking events
- ensuring flexible working arrangements including job share, working from home and 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

We place importance on integrity, probity and the promotion of a positive and responsive attitude. Our Code of Conduct provides a foundation that guides staff on matters such as honesty and integrity, conflict of interest, inside information, and corporate citizenship. The code applies to all staff, the Board of Directors, and to contractors, consultants, and agency staff.

All groups are responsible for the maintenance of high ethical standards to preserve the reputation for ethical and principled behaviour. The code is applied in conjunction with the legal and regulatory requirements applicable to UrbanGrowth NSW as well as Australia's social values, laws, and customs.

New employees are required to sign an acknowledgement form which accompanies the code to confirm that they understand our ethics standards. Existing employees are also asked to reaffirm their understanding of the code as required.

Implementing our values

We are continuing to build a culture of excellence. Over the last 12 months we implemented four key values:

Visionary

Courageous

Collaborative

Accountable

These values guide our decision making and how we interact with internal and external stakeholders. To further support the integration of our values into the workplace, we implemented a new performance management cycle which connects key performance indicators (KPIs) and personal development plans (PDPs) with our values.

Complaints and feedback system

We welcome feedback from all stakeholders and have policies and procedures in place to guide staff on their responsibilities if a compliment or if a complaint is made relative to our products, services and conduct. We also provide advice to our customers and stakeholders on how to submit feedback, and the procedures we follow if they choose to submit one. Senior management reviews complaints to determine if there is cause to implement corrective or preventative action. The majority of complaints are dealt with within seven days.

This year, there was an increase in the number of complaints received compared to the previous reporting period (31 complaints compared to 17 in FY13/14, see table below). We received complaints about our construction, marketing and sales activities.

During FY14/15, we also received five formal compliments relating to customer service, professionalism and our willingness to participate in professional events.

Complaints register		
Category of Complaint	2014-2015 Number of complaints	2013-2014 Number of complaints
Design	6	2
Environment	5	2
Marketing/Sales	12	7
Miscellaneous	8	6 (1 constructions and 5 other)
Total	31	17

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 each year and the Board considers this in the preparation of 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 Division Heads on a half yearly basis, and the findings from the annual review are reported to the Remuneration Committee.

Band	2015		2014	
	Female	Male	Female	Male
Band 4 (Secretary)	0	1	0	1
Band 3 (Deputy Secretary)	2	5	1	5
Band 2 (Executive Director)	2	1	3	0
Band 1 (Director)	0	0	0	0
Totals	4	7	4	6
Combined total	11		10	

Band	Range	Average Remuneration	
		2015	2014
	\$		
Band 4 (Secretary)	441,201 – 509,750	533,000	520,000
Band 3 (Deputy Secretary)	313,050 – 441,200	380,000	358,333
Band 2 (Executive Director)	248,851 – 313,050	297,250	290,000
Band 1 (Director)	174,500 – 248,850	0	0

11.52% of UrbanGrowth NSW employee related expenditure in 2015 was related to senior executives, compared with 12.45% in 2014.

Miscellaneous activities

Promotion

During the reporting period our promotion activities increased awareness and encouraged public participation and comment that would contribute to our projects. Promotion was also undertaken to support the sale of land.

Promotion includes:

- maintaining, creating and enhancing websites
- advertising including print, online, outdoor and radio
- stationery
- fact sheets, information booklets, and other print collateral.

Information concerning our corporate activities was communicated to stakeholders through the Annual Report FY13/14 on our website: www.urbangrowthnsw.com.au

Funds granted to non-government community organisations

During the year UrbanGrowth NSW donated \$50,000 to Renew Newcastle, a not for profit city revitalisation organisation established to find short and medium term uses for buildings in Newcastle's CBD that are currently vacant, disused, or awaiting redevelopment. The donation assisted with meeting the company's ongoing cost of operations. For more information on the partners and operations of Renew Newcastle, please visit www.renewnewcastle.org

Production cost of Annual Report

The Annual Report FY14/15 was produced in-house to minimise costs. The total cost of production, including photography and printing, is estimated at approximately \$5,000.

Consultancies

We spent approximately \$720,000 during the reporting period on consultants. These engagements were for strategic planning.

Overseas visits

One staff member undertook overseas travel during the reporting period at an approximate cost of \$20,000. This related to a Program Director participating in the Future Cities Program in the United States. The trip was approved in accordance with the UrbanGrowth NSW Travel Policy and supported by government stakeholders.

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.

Statutory Requirements		
Annual reporting exemptions	Act/Regulation references	Comments
Budgets: <ul style="list-style-type: none"> Detailed budget for the year in review Outline budget for next year Particulars of material adjustments to detailed budget for the year in review. 	s.7(1) (a) (iii) Annual Reports (Statutory Bodies) Act 1984 cl. 7 Annual Reports (Statutory Bodies) Regulation 2015	
Report of operations		
Summary review of operations: <ul style="list-style-type: none"> Narrative summary of significant operations Selected financial and other quantitative information associated with the administration of programs or operations. 	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.
Management and activities: <ul style="list-style-type: none"> Nature and range of activities Measures and indicators of performance Internal and external performance reviews Benefits from management and strategy reviews Management improvement plans and achievements Major problems and issues Major works in progress, cost to date, estimated dates of completion and cost overruns Reasons for significant delays etc to major works or programs Research and development: <ul style="list-style-type: none"> completed research including resources allocated continuing research and development activities, including resources allocated unless that information could adversely affect operations. 	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.
Human resources: <ul style="list-style-type: none"> Number of employees by category and comparison to prior three years Exceptional movements in employee wages, salaries or allowances Personnel policies and practices Industrial relations policies and practices. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2010
Consultants: <ul style="list-style-type: none"> For each engagement costing more than \$50,000: <ul style="list-style-type: none"> name of consultant title of project actual cost. For each engagement costing less than \$50,000: <ul style="list-style-type: none"> total number of engagements total cost. If applicable, a statement that no consultants were engaged. 	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>Land disposal:</p> <ul style="list-style-type: none"> • Properties disposed of during the year: <ul style="list-style-type: none"> – total number – total value • If value greater than \$5 million and not by public auction or tender: <ul style="list-style-type: none"> – list of properties – for each case, name of person who acquired the property and proceeds from disposal. • Details of family or business connections between the purchaser and the person responsible for approving the disposal • Statement giving reasons for the disposal • Purpose/s for which proceeds were used • Statement indicating that access to the documents relating to the disposal can be obtained under the Government Information (Public Access) Act 2009. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	
<p>Consumer responses:</p> <ul style="list-style-type: none"> • Extent and main features of complaints • Services improved/changed in response to complaints/suggestions. 	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>Payment of accounts:</p> <ul style="list-style-type: none"> • Performance in paying accounts, including action to improve payment performance. 	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>Time for payment of accounts:</p> <ul style="list-style-type: none"> • Reasons for late payment • Interest paid due to late payments. 	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	As above.
Report on risk management and insurance activities	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>Disclosure of controlled entities:</p> <ul style="list-style-type: none"> • Details of names, objectives, operations, activities of controlled entities and measures of performance. 	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.
Investment performance	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	
Liability management performance	Schedule 1 Annual Reports (Statutory Bodies) Regulation 2015	



Carriageworks Farmers Market, Eveleigh.

Financial statements



INDEPENDENT AUDITOR'S REPORT

Landcom (trading as UrbanGrowth NSW)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Landcom (the Corporation), which comprise the statement of financial position as at 30 June 2015, 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2015, 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 2010
- comply with International Financial Reporting Standards as disclosed in Note 1.2.

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

Directors' Responsibility for the Financial Statements

The directors are responsible for preparing financial statements that give a true and fair view 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 of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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 but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Weini Liao
Director, Financial Audit Services

28 August 2015
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:

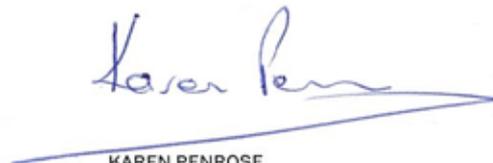
- (a) The financial statements:
- (i) exhibit a true and fair view of the financial position of Landcom trading as UrbanGrowth NSW as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
 - (ii) comply with Australian Accounting Standards, AASB Interpretations, the *State Owned Corporations Act 1989*, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*.
- (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
Chairman

28th August 2015
Sydney



KAREN PENROSE
Director

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
Continuing Operations			
Sales revenue	2(a)	646,967	636,475
Cost of sales		(381,699)	(412,974)
Gross Profit		265,268	223,501
Other revenue	2(b)	25,877	7,314
Finance income	2(c)	4,560	3,710
Marketing expenses	3	(6,730)	(7,451)
Employee related expenses	4	(23,504)	(20,891)
Other operating expenses	5	(78,493)	(31,860)
Depreciation and amortisation expense	6	(1,287)	(1,111)
Finance costs	7	(4,927)	(6,730)
Profit/(loss) on sale of property, plant and equipment		934	279
Profit from continuing operations before income tax equivalent expense		181,698	166,761
Income tax equivalent expense	8	(54,511)	(50,031)
Net profit for the year		127,187	116,730
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Superannuation actuarial gain/(losses) on defined benefit plans	19	(1,943)	(3,662)
Income tax on items that will not be reclassified to profit or loss		583	1,098
Total items that will not be reclassified to profit or loss		(1,360)	(2,564)
Items that may be reclassified subsequently to profit or loss			
Income tax on items that may be reclassified subsequently to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year (net of tax)		(1,360)	(2,564)
Total comprehensive income for the year		125,827	114,166

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 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	9	211,688	92,508
Trade and other receivables	10	16,451	12,423
Inventories	11	238,044	308,419
Other current assets	12	5,388	4,922
Total Current Assets		471,571	418,272
<i>Non-Current Assets</i>			
Trade and other receivables	10	7,995	9,434
Inventories	11	374,822	401,145
Property, plant and equipment	13	3,653	7,465
Intangible assets	14	338	161
Deferred tax assets	15	12,045	11,529
Other non-current assets	12	-	29
Total Non-Current Assets		398,853	429,763
TOTAL ASSETS		870,424	848,035
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	16	105,780	84,835
Borrowings	20	27,715	60,681
Current tax liabilities	17	13,399	22,036
Provisions	18	219,424	162,685
Total Current Liabilities		366,318	330,237
<i>Non-Current Liabilities</i>			
Trade and other payables	16	752	5,640
Borrowings	20	-	27,173
Provisions	18	25,644	57,332
Deferred tax liabilities	21	1,732	2,146
Total Non-Current Liabilities		28,128	92,291
TOTAL LIABILITIES		394,446	422,528
NET ASSETS		475,978	425,507
Equity			
Contributed capital	22	275,847	275,847
Reserves		-	95
Retained earnings		200,131	149,565
TOTAL EQUITY		475,978	425,507

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 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		736,659	585,659
Interest received		3,954	2,091
Payments to suppliers and employees		(427,796)	(411,288)
Income tax equivalent paid		(63,495)	(41,446)
Finance costs		(6,629)	(5,795)
Net cash flows(used in)/ from operating activities	23(b)	242,693	129,221
Cash flows from investing activities			
Payment for property, plant and equipment		(513)	(999)
Proceeds from sale of property, plant and equipment		3,794	1,741
Net cash flows (used in)/from investing activities		3,281	742
Cash flows from financing activities			
Repayment of borrowings		(59,440)	(30,000)
Dividends paid to NSW Treasury		(67,354)	(58,329)
Net cash flows used in financing activities		(126,794)	(88,329)
Net increase in cash and cash equivalents		119,180	41,634
Cash and cash equivalents at the beginning of the year		92,508	50,874
Cash and cash equivalents at the end of the year	23(a)	211,688	92,508

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 2015

	Contributed capital \$'000	Properties revaluation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2014	275,847	95	149,565	425,507
Profit for the year	-	-	127,187	127,187
Other comprehensive income				
Superannuation actuarial on defined benefit plans	-	-	(1,943)	(1,943)
Income tax relating to components of other comprehensive income	-	-	583	583
Transfer from reserve on disposal of asset, net of tax	-	(95)	95	-
Total other comprehensive income	-	(95)	(1,265)	(1,360)
Total comprehensive income for the year	-	(95)	125,922	125,827
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	-	-	(75,356)	(75,356)
Balance as at 30 June 2015	275,847	-	200,131	475,978
Balance as at 1 July 2013	275,847	315	103,945	380,107
Changes in accounting policy			(1,412)	(1,412)
Restated total equity at 1 July 2013	275,847	315	102,533	378,695
Profit for the year	-	-	116,730	116,730
Other comprehensive income				
Superannuation actuarial losses on defined benefit plans	-	-	(3,662)	(3,662)
Income tax relating to components of other comprehensive income	-	-	1,098	1,098
Transfer from reserve on disposal of asset, net of tax	-	(220)	220	-
Total other comprehensive income	-	(220)	(2,344)	(2,564)
Total comprehensive income for the year	-	(220)	114,386	114,166
Transactions with owners in their capacity as owners				
Dividends to NSW Treasury	-	-	(67,354)	(67,354)
Balance as at 30 June 2014	275,847	95	149,565	425,507

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 2015

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).

The financial statements for the year ended 30 June 2015 have been authorised for issue by the Board on 28 August 2015.

UrbanGrowth NSW undertakes to plan and deliver major urban transformation programs that will underpin the future prosperity of NSW. 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, improve the amenity and liveability of urban spaces, and enable 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*;
- 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 2010*.

Property, plant and equipment and investment property are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention. Borrowings are stated at amortised cost and provisions 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.
- iii. Management fees are based on the general principle that 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 based on the general principle that 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.

1.4 Expenditure Recognition

Operating and working expenses are expensed in the year in which they are incurred. Where they are directly attributable to the management of construction contracts, a proportion is capitalised to land under development (works in progress) (refer to Note 1.8).

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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 Employee Benefits (continued)

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 on a nominal value basis and compared to present value calculated in accordance with AASB 119 *Employee Benefits* for all employees with 5 or more years of service in the public sector every three years. The provision is calculated using estimated future increases in salary rates including related on-costs. 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 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 2015 for the SASS, SANCS and SSS was estimated at \$21.327 million (2014: \$18.659 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.

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.

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 based on past claim experience. These insurance policies are reviewed annually to ensure that they are adequate and were current at 30 June 2015. No major claims exist under these policies at 30 June 2015.

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, and amortised over the unexpired period of the lease term or the estimated useful lives of the improvements, whichever is the shorter.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Leases (continued)

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) at the inception of the lease in an amount equal to the present value of the minimum lease payments. 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 head office premises in Sydney CBD, Parramatta, regional office in Newcastle, Tuncurry 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 and 4 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. All operating expenditure 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 Notional Tax Equivalent Regime of the NSW Treasury, which proposes, as far as practical, the adoption of the Commonwealth Income Tax Assessment Act 1997 (as amended) 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 using the Statement of financial position liability method. 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 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.

1.10 Dividends to the NSW Treasury

UrbanGrowth NSW is required to pay dividends to the Consolidated Fund of NSW Treasury in accordance with the *State Owned Corporations Act 1989* and as agreed in the Statement of Corporate Intent. For the year ended 30 June 2015, dividends are calculated in accordance with TPP 14-04 Financial Distribution Policy for Government Businesses.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 11.13% (2014: 11.38%). Sales are made on varying terms, but generally on a 30-day exchange and 30-day settlement basis.

1.14 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 reviews its inventory balances periodically and writes off inventory where the net realisable value is less than the carrying amount in the accounts. UrbanGrowth NSW capitalises costs associated with pursuing development opportunities. Where there is a likelihood that the project will not progress then previously capitalised costs are written off and recognised as an expense in the Statement of comprehensive income.

1.15 Inventories - Land Valuation

All land is valued at the lower of cost or 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.

1.16 Land, Buildings (Sales Offices) and Leasehold Improvements

Land and buildings (sales offices) are initially recorded at their cost of acquisition. They are revalued every 3 years in accordance with Treasury guidelines (see Note 1.22). The last revaluation was performed in April 2013 by an external qualified valuer. These values were based on land and building sales in the areas in which the properties are located.

Sales office buildings are depreciated on a straight line basis over 14 years.

Land is not a depreciable asset.

All land and buildings were disposed of during the 2015 financial year.

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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 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 2015 approximates fair value. Plant and equipment costing \$500 and above individually are capitalised.

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

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.

1.18 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 or statement 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 – 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.

1.19 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.

1.20 Derivatives

NSW Treasury Corporation (TCorp) has been contracted to manage UrbanGrowth NSW's debt portfolio. This type of derivative financial instrument is recognised in the financial statements on inception at fair value and is subsequently remeasured to fair value at each reporting date. The net amount receivable/payable is recognised in the Statement of financial position and any gains/losses incurred are recognised in the Statement of comprehensive income.

1.21 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 24, 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.21 Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that UrbanGrowth NSW manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

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.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.22 Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property* and AASB 13 *Fair Value Measurement*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the indicator of which is depreciated replacement cost.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of the same asset previously recognised as an expense in the Statement of comprehensive income, the increment is recognised immediately as revenue in the Statement of comprehensive income.

Revaluation decrements are recognised immediately as expenses in the Statement of comprehensive income, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same asset, they are debited directly to the revaluation surplus.

Revaluation increments and decrements are offset against each individual asset and not within a class of assets.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to retained earnings.

UrbanGrowth NSW uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, UrbanGrowth NSW determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.23 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.

The provision to complete projects captures all unpaid development costs which were included in the original land development schedule. It is raised as an estimate based on known costs at the time when the land is ready for sales release. The provision also includes the value of works completed at 30 June 2015 of any performance building contracts entered into by UrbanGrowth NSW.

Provisions for future rectification works relate to any matter outstanding on UrbanGrowth NSW projects which have for all intents and purposes been completed. All future costs that may result in connection with these completed projects are recognised as provisions.

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. If the time value of money is material, provisions are discounted at the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.24 Intangible Assets

Computer software costs (licences) and website costs are treated as intangible assets. The useful lives of these intangible assets were estimated as finite and the cost method was utilised for their measurement. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for UrbanGrowth NSW's intangible assets, the assets are carried at cost less any accumulated amortisation. Intangible assets are tested for impairment where an indicator of impairment exists. Amortisation is charged on a straight-line basis over their estimated useful lives.

The following estimated useful lives are used in the calculation of amortisation for intangible assets:

Computer software	- 4 years
Website costs	- 5 years

1.25 Recoverable Amount of Assets

At each reporting date, UrbanGrowth NSW assesses whether there is any indication that an asset may be impaired. 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.

1.26 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.

1.27 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. UGNSW has joint operations.

Joint operations

UGNSW 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 operation are set out in note 28.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.28 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 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C – Financial Instruments)	1 January 2015	30 June 2016
AASB 2014-1 (Part E) and AASB 2014-8 Amendments to Australian Accounting Standards regarding financial instruments	1 January 2015	30 June 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2015	30 June 2016
AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts	1 January 2016	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2016
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2016
AASB 15 Revenue from Contracts with Customers and 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	30 June 2017
AASB 9 Financial Instruments	24 July 2014	30 June 2018

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
2(a) Sales Revenue		
Income from land sales	401,879	481,339
Income from managed land sales	245,088	155,136
	646,967	636,475
2(b) Other Revenue		
Management fees	21,624	1,910
Rental income	1,336	1,495
Holding cost recoveries	2,566	3,450
Other	351	459
	25,877	7,314
2(c) Finance Income		
Interest from bank	3,556	1,895
Unwinding of the discount rate	607	1,619
Interest from late settlement	397	196
	4,560	3,710
3 Marketing Expenses		
Advertising	4,934	5,677
Sales contractors and commission	1,422	1,272
Other	374	502
	6,730	7,451
4 Employee Related Expenses		
Salaries and wages	27,893	20,510
Termination payments	609	975
Superannuation - defined benefit plans*	1,240	1,076
Superannuation - defined contribution plans	2,460	1,723
Long service leave	1,660	767
Annual leave	2,428	1,732
Workers' compensation insurance	22	81
Payroll tax and fringe benefits tax	2,017	1,605
Other employee related expenses	1,511	944
	39,840	29,413
Transfer of capital costs to inventories	(16,336)	(8,522)
	23,504	20,891

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

4 Employee Related Expenses (continued)

* Refer Note 19. Superannuation actuarial gain / (loss) of (\$1,943,000 loss) (2014: (\$3,662,000 loss)) are recognised as other comprehensive income.

	2015 \$'000	2014 \$'000
5 Other Operating Expenses		
Auditor's remuneration - audit of financial statements	210	190
Operating lease rental expense - minimum lease payments	2,559	1,967
Maintenance	380	454
Insurance	100	107
General administrative costs	15,920	9,588
Council rates	1,317	1,574
Land tax	8,726	8,588
Adjustment of inventory to net realisable value	13,856	4,782
Expenses incurred on project management	16,246	294
Project establishment costs	21,172	4,211
Property and accommodation expenses	1,133	1,414
Reversal of debtor's impairment	(628)	-
Consultancy fees	720	948
	81,711	34,117
Transfer of capital costs to inventories	(3,218)	(2,257)
	78,493	31,860

6 Depreciation and Amortisation Expense

Buildings	95	123
Leasehold improvements	419	420
Plant and equipment	633	463
Intangible assets	114	78
Motor vehicles	26	27
	1,287	1,111

7 Finance Costs

Interest	2,984	5,370
Unwinding of the discount rate	1,610	-
Amortisation of loan (discount)/premium	(699)	(684)
Government guarantee fee	1,032	2,044
	4,927	6,730

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000
8 Income Tax		
Income tax expense recognised in the Statement of comprehensive income		
The major components of income tax expense for the years ended 30 June 2015 and 2014 are:		
Current income tax charge	54,858	50,088
Deferred income tax		
Origination and reversal of temporary differences	(347)	(57)
Income tax expense reported in the Statement of comprehensive income	54,511	50,031
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	67	(131)
(Decrease)/increase in deferred tax liabilities	(414)	74
	(347)	(57)
Income tax expense recognised directly in equity		
Deferred income tax related to items charged or credited directly to equity:		
Superannuation actuarial gain/(loss)	(583)	(1,098)
Income tax expense reported in equity	(583)	(1,098)
A 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	181,698	166,761
At the statutory income tax rate of 30% (2014: 30%)	54,509	50,028
Deductions not allowable for income tax purposes	2	3
Income tax expense reported in the Statement of comprehensive income	54,511	50,031

9 Cash and Cash Equivalents

Cash at bank and on hand	72,688	92,508
Short term deposits	139,000	-
	211,688	92,508

Included in the cash and cash equivalents is restricted cash of \$12.294 million (2014 \$10.454 million). These funds are held as security deposits for various projects.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
10 Trade and Other Receivables		
Current		
Trade receivables	15,539	12,035
Allowance for impairment loss	-	(628)
Development bonds	254	743
Other receivables	658	273
	16,451	12,423
Non-current		
Trade receivables	7,257	8,488
Development bonds	212	20
Loan receivables	526	926
	7,995	9,434
Movement in the allowance for impairment loss		
Balance at the beginning of the year	628	628
Increase/(decrease) in allowance recognized in profit or loss	(628)	-
Balance at the end of the year	-	628

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 24.

The non-current trade receivable of \$7,257 million (2014: \$8,488 million) represents deferral of payment for sale of land for the project at Wollri Creek.

Non-current loan receivables represent second mortgages with purchasers of properties sold at Stanhope Gardens amounting to \$0.526 million (2014: \$0.926 million) as part of UrbanGrowth NSW's moderate income housing programme. The second mortgages must be repaid within 15 years or on sale of the properties, whichever comes first.

11 Inventories

Current		
Work in progress	200,567	213,405
Developed land	37,477	95,014
	238,044	308,419
Non-current		
Work in progress	46,067	65,998
Undeveloped land	328,755	335,147
	374,822	401,145
Total	612,866	709,564

The cost of inventories recognised as an expense includes \$13.856 million (2014: \$ 4.782 million) in respect of write-downs of inventory to net realisable value.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
11 Inventories (continued)		
Details of inventories:		
Developed land	37,477	95,014
Total developed land	37,477	95,014
Details of inventories:		
Undeveloped land	589,245	619,332
Write-down to net realisable value	(13,856)	(4,782)
Total undeveloped land	575,389	614,550
Details of inventories:		
Acquisition costs	264,201	409,933
Development costs	318,689	255,643
Other costs	29,976	43,988
	612,866	709,564
12 Other		
Current		
Prepayments	5,388	4,922
	5,388	4,922
Non-current		
Prepayments	-	29
	-	29

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
13 Property, Plant and Equipment		
Land		
At fair value	-	1,157
Buildings		
At gross carrying amount	-	1,658
Accumulated depreciation	-	(141)
Net carrying amount at fair value	-	1,517
Leasehold improvements		
At gross carrying amount	3,278	3,521
Accumulated depreciation	(1,783)	(1,440)
Net carrying amount at fair value	1,495	2,081
Motor vehicles		
At gross carrying amount	208	210
Accumulated depreciation	(66)	(61)
Net carrying amount at fair value	142	149
Plant and equipment		
At gross carrying amount	3,703	4,111
Accumulated depreciation	(1,687)	(1,550)
Net carrying amount at fair value	2,016	2,561
Total net carrying amount	3,653	7,465

Fair value of Land and Building

As stated in Note 1.22, land and building are carried at fair value as shown below:
All land and buildings were disposed of during the financial year.

2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and Building				
Land & building	-	-	-	-
Land and Building fair value	-	-	-	-

There were no transfers between levels 1 and 2 during the period.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

13 Property, Plant and Equipment (continued)

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and Building				
Land	-	1,157	-	1,157
Building	-	1,517	-	1,517
Land and Building fair value	-	2,674	-	2,674

There were no transfers between levels 1 and 2 during the period.

In 2014, UrbanGrowth NSW management re-assessed the fair value on the basis of fair value hierarchy level 2 using observable market prices of similar properties within close proximity and the difference was insignificant. The valuation process was based on market approach where land and building is valued on comparable property sales transactions and adjustments made to reflect the location, topography, construction, age, condition and size, any required conversion or refurbishment work, legal/physical restriction and enhancements.

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:

2015	Land at fair value \$'000	Buildings at fair value \$'000	Leasehold improvements at fair value \$'000	Motor vehicles at fair value \$'000	Plant & equipment at fair value \$'000	Total \$'000
Net carrying amount at beginning of the year	1,157	1,517	2,081	149	2,561	7,465
Additions	-	-	-	45	176	221
Disposals	(1,157)	(1,422)	(167)	(26)	(88)	(2,860)
Depreciation expense	-	(95)	(419)	(26)	(633)	(1,173)
Net carrying amount at the end of the year	-	-	1,495	142	2,016	3,653
2014	Land at fair value \$'000	Buildings at fair value \$'000	Leasehold improvements at fair value \$'000	Motor vehicles at fair value \$'000	Plant & equipment at fair value \$'000	Total \$'000
Net carrying amount at beginning of the year	1,886	1,847	2,297	140	2,836	9,006
Additions	270	185	204	77	218	954
Disposals	(999)	(392)	-	(41)	(30)	(1,462)
Depreciation expense	-	(123)	(420)	(27)	(463)	(1,033)
Net carrying amount at the end of the year	1,157	1,517	2,081	149	2,561	7,465

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000
14 Intangible Assets		
Computer software and website		
Gross carrying amount		
Carrying amount at beginning of the year	3,895	3,850
Additions	291	45
Carrying amount at end of the year	4,186	3,895
Accumulated amortisation and impairment		
Carrying amount at beginning of the year	(3,734)	(3,656)
Amortisation expense and impairment	(114)	(78)
Carrying amount at end of the year	(3,848)	(3,734)
Net carrying amount at end of the year	338	161

15 Deferred Tax Assets

The balance comprises temporary differences attributable to:

Depreciation and amortisation	572	538
Provisions	11,053	10,163
Sundry	18	244
Fair value adjustments	402	584
	12,045	11,529
Movements		
Carrying amount at beginning of the year	11,529	10,299
Credited/(charge) to the Statement of comprehensive income	(67)	131
Credited/(charge) to equity	583	1,099
Carrying amount at end of the year	12,045	11,529

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
16 Trade and Other Payables		
Current		
Trade payables	22,118	21,890
Unearned income	15,899	12,886
Bonds and deposits held	38,070	23,170
Accrued expenses	27,882	24,869
Other payables	324	297
Retentions	1,487	1,723
	105,780	84,835
Non-current		
Bonds and deposits held	-	4,650
Accrued expenses	752	990
	752	5,640

17 Current Tax Liabilities

Carrying amount at beginning of the year	22,036	13,393
Income tax expense	54,511	50,031
Movement in deferred tax assets/(liabilities)	347	58
Tax payment	(63,495)	(41,446)
Carrying amount at end of the year	13,399	22,036

18 Provisions

(a) Employee benefits – current		
Provision for annual leave	2,024	1,519
Provision for long service leave		
- Expected to be settled within 12 months	475	479
- Expected to be settled after 12 months	5,468	4,313
Provision for superannuation liability (see Note 19)	21,327	18,659
Accrued on-costs	1,259	912
Other	-	123
	30,553	26,005
(b) Employee benefits – non-current		
Provision for long service leave	517	532
Accrued on-costs	77	66
	594	598
Total employee benefits	31,147	26,603

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
18 Provisions (continued)		
(c) Other provisions – current		
Provision to complete projects	110,780	66,413
Provision for rebates	2,735	2,913
Provision for other	-	-
Provision for dividend to NSW Treasury	75,356	67,354
	188,871	136,680

The dividend payable on profit after tax is \$75.356 million (2014: \$67.354million). The dividend represents the fixed amount agreed with the shareholder ministers (Note1.10).

(d) Other provisions – non-current		
Provision to complete projects	22,270	53,037
Provision for rebates	2,256	3,173
Provision for other	524	524
	25,050	56,734
Total current and non-current provisions		
Current employee benefits	30,553	26,005
Current other provisions	188,871	136,680
Total current provisions	219,424	162,685
Non-current employee benefits	594	598
Non-current other provisions	25,050	56,734
Total non-current provisions	25,644	57,332
	245,068	220,017

Reconciliations of the carrying amount of each class of provision are set out below:
Employee benefits

2015	Provision for annual leave \$'000	Provision for long service leave \$'000	Superannuation liability \$'000	Accrued on-costs \$'000	Other \$'000	Total \$'000
Carrying amount at beginning of the year	1,519	5,324	18,659	978	123	26,603
Additional provisions recognised	2,428	1,660	3,184	358	-	7,630
Amounts used during the year	(1,923)	(524)	(516)	-	(123)	(3,086)
Carrying amount at end of the year	2,024	6,460	21,327	1,336	-	31,147

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

18 Provisions (continued)

2014	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	1,218	5,801	14,381	948	-	22,348
Additional provisions recognised	1,732	767	6,461	30	123	9,113
Amounts used during the year	(1,431)	(1,244)	(2,183)	-	-	(4,858)
Carrying amount at end of the year	1,519	5,324	18,659	978	123	26,603

Other provisions

2015	Provision for dividend to NSW Treasury	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	67,354	6,086	119,450	524	193,414
Additional provisions recognised	75,356	1,219	71,923	-	148,498
Reductions in provisions from payments	(67,354)	(2,314)	(59,933)	-	(129,601)
Change in provisions from re-measurement	-	-	1,610	-	1,610
Carrying amount at end of the year	75,356	4,991	133,050	524	213,921

2014	Provision for dividend to NSW Treasury	Provision for rebates	Provision to complete projects	Provision for other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	58,329	5,659	116,366	681	181,035
Additional provisions recognised	67,354	2,727	96,990	-	167,071
Reductions in provisions from payments	(58,329)	(2,300)	(92,928)	-	(153,557)
Change in provisions from re-measurement	-	-	(978)	(157)	(1,135)
Carrying amount at end of the year	67,354	6,086	119,450	524	193,414

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

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 established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation 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 2012. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

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 rules;
- * 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 2015

19 Superannuation (continued)

Superannuation position as at 30 June 2015

	SASS 30-Jun-15	SANCS 30-Jun-15	SSS 30-Jun-15	TOTAL 30-Jun-15
Member numbers				
Contributors	10	16	6	32
Deferred benefits	-	-	-	-
Pensioners	-	-	13	13
Pensions fully commuted	-	-	2	2
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability (Note 1)	7,744	1,739	34,095	43,578
Estimated reserve account balance	(3,687)	(971)	(17,593)	(22,251)
1. Deficit/(surplus)	4,057	768	16,502	21,327
2. Future Service Liability (Note 2)	960	530	424	1,914
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	4,057	768	16,502	21,327

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 Financial Year to 30 June 2015 \$'000	SANCS Financial Year to 30 June 2015 \$'000	SSS Financial Year to 30 June 2015 \$'000	Total Financial Year to 30 June 2015 \$'000
Reconciliation of the Net Defined Benefit Liability/(Asset)				
Net Defined Benefit Liability/(Asset) at start of year	3,912	863	13,885	18,660
Current service cost	250	82	252	584
Net Interest on the net defined benefit liability/(asset)	136	30	491	657
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(294)	(71)	(1,286)	(1,651)
Actuarial (gains)/losses arising from changes in demographic assumptions	124	12	46	182
Actuarial (gains)/losses arising from changes in financial assumptions	206	63	2,972	3,241
Actuarial (gains)/losses arising from liability experience	(66)	(148)	384	170
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(211)	(63)	(242)	(516)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	4,057	768	16,502	21,327

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

	SASS Financial Year to 30 June 2015 \$'000	SANCS Financial Year to 30 June 2015 \$'000	SSS Financial Year to 30 June 2015 \$'000	Total Financial Year to 30 June 2015 \$'000
Reconciliation of the Fair Value of Fund Assets				
Fair value of Fund assets at beginning of the year	3,585	943	16,142	20,670
Interest income	128	33	568	729
Actual return on Fund assets less Interest income	294	71	1,286	1,651
Employer contributions	211	63	242	516
Contributions by participants	89	0	142	231
Benefits paid	(573)	(144)	(825)	(1,542)
Taxes, premiums & expenses paid	(47)	5	38	(4)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	3,687	971	17,593	22,251

Reconciliation of the Defined Benefit Obligation				
Present value of defined benefit obligations at beginning of the year	7,497	1,806	30,027	39,330
Current service cost	250	82	252	584
Interest cost	263	63	1,059	1,385
Contributions by participants	89	0	142	231
Actuarial (gains)/losses arising from changes in demographic assumptions	124	12	46	182
Actuarial (gains)/losses arising from changes in financial assumptions	206	63	2,972	3,241
Actuarial (gains)/losses arising from liability experience	(65)	(148)	384	171
Benefits paid	(573)	(144)	(825)	(1,542)
Taxes, premiums & expenses paid	(47)	5	38	(4)
Transfers in/out due to business combinations and disposal	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	7,744	1,739	34,095	43,578

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2015			
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the effect of the Asset Ceiling				
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

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 contributions.

Fair value of Fund assets

All Pooled Fund assets are invested by 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 15

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	2,642	96	2,546	0
Australian Fixed Interest	2,657	1	2,639	17
International Fixed Interest	1,004	0	1,004	0
Australian Equities	10,407	9,899	504	4
International Equities	13,111	9,963	2,585	563
Property	3,453	948	718	1,786
Alternatives	7,170	622	3,020	3,528
Total*	40,444	21,529	13,016	5,898

The percentage invested in each asset class at the date of the Statement of financial position:

	30-Jun-15
Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total	100.0%

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

^Additional to the assets disclosed above, at 30 June 2015 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion. This gives total estimated assets of \$42.2 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 containing 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 2015 include \$209.2 million in NSW government bonds..

Of the direct properties owned by the Pooled Fund:

- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014: \$153 million)
- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$204 million (30 June 2014: \$205 million).

Significant Actuarial Assumptions at the Reporting Date	30-June-15
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter
Rate of CPI Increase	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2015 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 2015.

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	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	43,579	50,500	38,014

	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	43,579	46,438	40,995

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

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	43,579	43,998	43,178

	Base Case	Scenario G +0.5% Pensioner mortality	Scenario H -0.5% Pensioner mortality
Defined benefit obligation \$000	43,579	43,198	43,982

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 cash flows to manage liquidity requirements.

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 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015

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 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-15 \$'000	SANCS 30-Jun-15 \$'000	SSS 30-Jun-15 \$'000	TOTAL 30-Jun-15 \$'000
Accrued benefits	5,864	1,243	16,472	23,579
Net market value of Fund assets	(3,687)	(971)	(17,593)	(22,251)
Net (surplus)/deficit	2,177	272	(1,121)	1,328

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	1.9	2.5%	1.6

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

c) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the Fund are:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (SASS, SANCS, SSS)	2.7% pa to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

d) Expected Contribution

	SASS Financial Year to 30 June 2016	SANCS Financial Year to 30 June 2016	SSS Financial Year to 30 June 2016	Total Financial Year to 30 June 2016
Expected employer contributions to be paid in the next reporting period	170	68	227	465

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14.2 years

Profit and Loss Impact

	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
Current service cost	250	82	251	583
Net interest	136	30	491	657
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	386	112	742	1,240

Other Comprehensive Income

	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
Actuarial (gains) losses on liabilities	265	(73)	3,402	3,594
Actual return on Fund assets less Interest income	(294)	(71)	(1,286)	(1,651)
Adjustment for effect of asset ceiling	-	-	-	-
Total re measurement in Other Comprehensive Income	(29)	(144)	2,116	1,943

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

Superannuation position as at 30 June 2014

	SASS 30-Jun-14	SANCS 30-Jun-14	SSS 30-Jun-14	TOTAL 30-Jun-14
Member numbers				
Contributors	12	19	7	38
Deferred benefits	-	-	-	-
Pensioners	-	-	12	12
Pensions fully commuted	-	-	2	2
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability (Note 1)	7,497	1,806	30,027	39,330
Estimated reserve account balance	(3,585)	(944)	(16,142)	(20,671)
1. Deficit/(surplus)	3,912	862	13,885	18,659
2. Future Service Liability (Note 2)	1,222	759	626	2,607
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	3,912	862	13,885	18,659

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit 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 Financial Year to 30 June 2014 \$'000	SANCS Financial Year to 30 June 2014 \$'000	SSS Financial Year to 30 June 2014 \$'000	Total Financial Year to 30 June 2014 \$'000
Reconciliation of the Net Defined Benefit Liability/(Asset)				
Net Defined Benefit Liability/(Asset) at start of year	2,750	447	11,183	14,380
Current service cost	229	67	242	538
Net Interest on the net defined benefit liability/(asset)	102	15	421	538
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(357)	(93)	(1,763)	(2,213)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	402	140	1,228	1,770
Actuarial (gains)/losses arising from liability experience	956	349	2,800	4,105
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(170)	(63)	(226)	(459)
Net Defined Benefit Liability/(Asset) at end of year	3,912	862	13,885	18,659

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

	SASS Financial Year to 30 June 2014 \$'000	SANCS Financial Year to 30 June 2014 \$'000	SSS Financial Year to 30 June 2014 \$'000	Total Financial Year to 30 June 2014 \$'000
Reconciliation of the Fair Value of Fund Assets				
Fair value of Fund assets at beginning of the year	3,888	1,026	14,122	19,036
Interest income	145	39	530	714
Actual return on Fund assets less interest income	357	93	1,763	2,213
Employer contributions	170	63	226	459
Contributions by participants	94	-	108	202
Benefits paid	(1,026)	(287)	(603)	(1,916)
Taxes, premiums & expenses paid	(43)	10	(4)	(37)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	3,585	944	16,142	20,671

Reconciliation of the Defined Benefit Obligation				
Present value of defined benefit obligations at beginning of the year	6,639	1,473	25,305	33,417
Current service cost	229	67	242	538
Interest cost	246	54	951	1,251
Contributions by participants	94	-	108	202
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	402	140	1,228	1,770
Actuarial (gains)/losses arising from liability experience	956	349	2,800	4,105
Benefits paid	(1,026)	(287)	(603)	(1,916)
Taxes, premiums & expenses paid	(43)	10	(4)	(37)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	7,497	1,806	30,027	39,330

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2014			
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the effect of the Asset Ceiling				
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

Fair value of Fund assets

All Pooled Fund assets are invested by 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 14

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	2,453	1,573	880	-
Australian Fixed Interest	2,365	11	2,354	-
International Fixed Interest	881	-	881	-
Australian Equities	11,739	11,495	241	3
International Equities	10,954	8,173	2,781	-
Property	3,273	894	692	1,687
Alternatives	6,329	565	4,897	867
Total*	37,994	22,711	12,726	2,557

The percentage invested in each asset class at the date of the Statement of financial position:

	30-Jun-14
Short Term Securities	6.5%
Australian Fixed Interest	6.2%
International Fixed Interest	2.3%
Australian Equities	30.9%
International Equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	100.0%

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 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 containing 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 include as at 30 June 2014 of \$173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date	30-June-14
Salary increase rate (excluding promotional increases)	
2014/2015	2.27% pa
2015/2016 to 2017/2018	2.50% pa
2018/2019 to 2012/2023	3.0% pa
2023 onwards	3.5% pa
Rate of CPI Increase	2.5% pa
Discount rate	3.57% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2014 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 2014.

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	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	39,330	45,630	34,257

	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	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation \$000	39,330	41,819	37,081

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

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	39,330	39,831	38,852

	Base Case	Scenario G +0.5% Pensioner mortality	Scenario H -0.5% Pensioner mortality
Defined benefit obligation \$000	39,330	39,022	39,655

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 cash flows to manage liquidity requirements.

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 2012. 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 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-14 \$'000	SANCS 30-Jun-14 \$'000	SSS 30-Jun-14 \$'000	TOTAL 30-Jun-14 \$'000
Accrued benefits	5,861	1,308	15,534	22,703
Net market value of Fund assets	(3,585)	(943)	(16,142)	(20,670)
Net (surplus)/deficit	2,276	365	(608)	2,033

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	2.5	1.6

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 Superannuation (continued)

c) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the Fund are:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (SASS, SANCS, SSS)	2.7% pa to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

d) Expected Contribution

	SASS Financial Year to 30 June 2015	SANCS Financial Year to 30 June 2015	SSS Financial Year to 30 June 2015	Total Financial Year to 30 June 2015
Expected employer contributions to be paid in the next reporting period	178	65	173	416

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14.5 years

Profit and Loss Impact

	SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	Total Financial Year to 30 June 2014
Current service cost	229	67	242	538
Net interest	101	16	421	538
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	330	83	663	1,076

Other Comprehensive Income

	SASS Financial Year to 30 June 2014	SANCS Financial Year to 30 June 2014	SSS Financial Year to 30 June 2014	Total Financial Year to 30 June 2014
Actuarial (gains) losses on liabilities	1,358	489	4,028	5,875
Actual return on Fund assets less Interest income	(357)	(93)	(1,763)	(2,213)
Adjustment for effect of asset ceiling	-	-	-	-
Total re measurement in Other Comprehensive Income	1,001	396	2,265	3,662

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

20 Borrowings

	2015 \$'000	2014 \$'000
Current		
Unsecured loans at face value (i)	27,173	59,440
Unamortised discounts	542	1,241
Total current borrowings	27,715	60,681
Non-current		
Unsecured loans at face value (i)	-	27,173
Total non-current borrowings	-	27,173
Repayment of borrowings		
Not later than 1 year	27,715	60,681
Between 1 and 5 years	-	27,173
Total borrowings	27,715	87,854

Summary of borrowing arrangements:

- (i) Fixed rate loans with NSW Treasury Corporation (TCorp) with maturity periods not exceeding three years (2014: three years). The weighted average interest rate is 6.00% p.a. (2014: 4.50% p.a.).
- (ii) UrbanGrowth NSW has undrawn facilities sufficient to meet obligations as and when they fall due.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

21 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

	2015 \$'000	2014 \$'000
Fair value adjustments	322	806
Prepayments	1,410	1,299
Sundry	-	41
	1,732	2,146
Movements		
Carrying amount at beginning of the year	2,146	2,071
Charge to the Statement of comprehensive income	(414)	75
Debited/(change) to equity	-	-
Carrying amount at end of the year	1,732	2,146

22 Contributed capital

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

23 Reconciliation of Cash Flows arising from Operating Activities to Net Profit for the year

	2015 \$'000	2014 \$'000
(a) For the purpose of the Statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:		
Cash and cash equivalents (see note 9)	211,688	92,508
(b) Reconciliation from the Net cash flows from operating activities to the Net Profit for the year :		
Net cash flows (used in)/ from operating activities	242,693	129,221
Depreciation and amortisation	(1,287)	(1,111)
Gain/(loss) from sale of property, plant and equipment	934	279
Amortisation of loan premium	699	684
Unwinding of discount rate income and expense	(1,003)	1,619
Change in assets and liabilities		
(Increase) in provisions	(15,106)	(3,947)
Decrease/(increase) in payables and tax liabilities	(7,007)	33,962
Increase/(decrease) in receivables	3,592	(1,751)
Increase/(decrease) in inventory and other assets	(96,328)	(42,226)
Net Profit for the year	127,187	116,730
(c) UrbanGrowth NSW has access to financing facilities at reporting date as indicated in Note 20. UrbanGrowth NSW expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.		

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

24 Financial Instruments

(This note is to be read in conjunction with Note 1,21)

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 Audit and Risk Management Committee 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 2015 \$'000	Carrying amount 2014 \$'000
Financial assets				
Class				
Cash and cash equivalents	9	N/A	211,688	92,508
Trade and other receivables	10	Loans and receivables (at amortised cost)	24,446	21,857
Financial liabilities				
Class				
Trade and other payables	16	Financial liabilities measured at amortised cost	87,000	75,973
Borrowings	20	Financial liabilities measured at amortised cost	27,715	87,854

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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

24 Financial Instruments (continued)

All trade debtors are recognised as amounts receivable at reporting date and are reviewed regularly for collectability on an ongoing basis. An allowance for impairment loss of \$0 (2014: \$628,123) has been raised against trade debtors. 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
2015			
< 3 Months overdue	1,835	1,835	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	18	18	-
	\$'000	\$'000	\$'000
	Total	Past due but not impaired	Considered Impaired
2014			
< 3 Months overdue	2,722	2,722	-
3 months - 6 months overdue	7	7	-
> 6 months overdue	646	18	628

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 \$24.06 million (2014: \$24.53 million).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

24 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
2015								
Payables	-	87,000	-	-	87,000	86,248	752	-
Borrowings	6.00%	28,803	28,803	-	-	28,803	-	-
	-	115,803	28,803	-	87,000	115,051	752	-
2014								
Payables	-	75,972	-	-	75,972	70,332	5,640	-
Borrowings	4.50%	91,532	91,532	-	-	62,729	28,803	-
	-	167,504	91,532	-	75,972	133,061	34,443	-

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 minimized 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 2015

24 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. UrbanGrowth NSW's borrowings are fixed interest and are held to maturity and therefore are not affected by interest rate movements. 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
2015					
Financial assets					
Cash and cash equivalents	211,688	(2,117)	(445)	2,117	445
2014					
Financial assets					
Cash and cash equivalents	92,508	(925)	(194)	925	194

(e) Net fair value

As stated in Note 1.21, 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. The Statement of Financial Position records the carrying value of borrowings with NSW Treasury Corporation as \$27.715 million (30 June 2014: \$87.854 million); the fair value of borrowings is \$28.355 million (30 June 2014: \$89.289 million). All other financial instruments are recognised at amortised cost. Because of the short term nature of the Corporation's financial assets and liabilities, the amortised cost recognised in the Statement of Financial Position approximates fair value.

25 Expenditure Commitments

	2015 \$'000	2014 \$'000
(a) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	2,187	1,881
Later than one year but not later than five years	4,669	5,921
Later than five years	-	251
Total operating lease commitments (including GST)	6,856	8,053

The total lease expenditure commitments above include input tax credits of \$0.623 million that are expected to be recoverable from the ATO (30 June 2014: \$0.732 million).

26 Contingent Assets and Liabilities

At reporting date, there were no significant contingent assets or liabilities incurred in the normal course of business (2014: Nil).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

27 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 \$4.047 million (2014 \$2.857 million).

	2015	2014
	\$'000	\$'000
Short term employee benefits	3,809	2,192
Post-employment benefits	238	131
Termination benefits	-	534
Total compensation paid to key management personnel	4,047	2,857

There are no outstanding balances relating to any key management personnel.

There have been no guarantees provided or received for any key management personnel.

28 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 1.27.

Details of these arrangements are as follows:

Name of joint arrangement	Nature of relationship	List of Parties Involved	Project location	2015	2014
Macarthur Heights	Joint operation	<ul style="list-style-type: none"> University of Western Sydney 	Campbelltown, NSW	Yes	Yes
Bunya	Joint operation	<ul style="list-style-type: none"> Department of Planning 	Doonside, NSW	Yes	Yes
One Minto	Joint operation	<ul style="list-style-type: none"> Land & Housing Corporation Campbelltown City Council 	Minto, NSW	Yes	Yes
Rouse Hill Town Centre	Joint operation	<ul style="list-style-type: none"> Department of Planning 	Rouse Hill NSW	Yes	Yes
Oran Park Town Centre	Joint operation	<ul style="list-style-type: none"> Greenfield Development Corporation Ltd Leppington Pastoral Co Pty Ltd 	Oran Park, NSW	Yes	Yes
Green Square Town Centre	Joint operation	<ul style="list-style-type: none"> Mirvac Green Square Limited 	Green Square, NSW	Yes	Yes
Newcastle East End	Joint operation	<ul style="list-style-type: none"> GPT Hunter Custodian Pty Ltd 	Newcastle, NSW	Yes	Yes
Airds Bradbury Renewal	Joint operation	<ul style="list-style-type: none"> NSW Land and Housing Corporation 	Airds, NSW	Yes	Yes
Claymore Renewal	Joint operation	<ul style="list-style-type: none"> NSW Land and Housing Corporation 	Claymore, NSW	Yes	Yes

29 Events After Reporting Period

There has been no material post Statement of financial position events which would require disclosure or adjustments to the 30 June 2015 Financial Statements.

30 Segment Information

In 2015 and 2014 UrbanGrowth NSW operated in one business segment, and one geographical segment. Consequently, a segment report for 2015 and 2014 has not been reported.

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Corporate directory

The current and previous years' Annual Report can be downloaded at:

www.urbangrowthnsw.com.au/annualreport

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