Tasmania Development and Resources

Annual Report 2012-13

Tasmanian Government

Department of Economic Development, Tourism and the Arts

Contents

Tasmania Development and Resources

October 2013

ISSN 1839-5414

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Submission to Minister

David O'Byrne MP

Minister for Economic Development

Dear Minister

In accordance with the requirements of Section 29E of the *Tasmanian Development Act 1983*, I submit to you, for presentation to parliament, this report on the affairs and activities of Tasmania Development and Resources for the financial year ended 30 June 2013.

Yours sincerely

Lyn Cox

Chairman
Tasmanian Development Board
October 2013

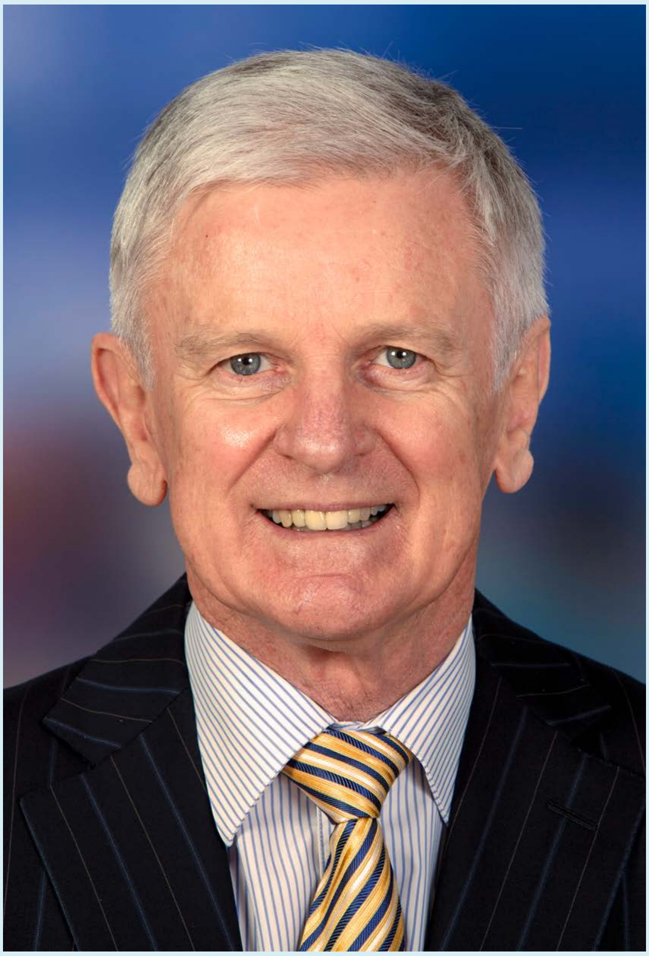
About this publication

Tasmania Development and Resources (TDR) is required under Section 29E of the *Tasmanian Development Act 1983* to produce an annual report for each financial year.

Previous editions of TDR's annual report have been published under the cover of the annual report of the Department of Economic Development, Tourism and the Arts – the State Government department responsible for the administration of TDR.

Detailed information regarding the scope of activities overseen by TDR is provided in the Economic Development portfolio activities statement within the Department of Economic Development, Tourism and the Arts' Annual Report 2012-13.

Chairman's foreword



The Tasmanian Development Board has a statutory role in encouraging and promoting the balanced economic development of Tasmania. The board has specific areas of responsibility under the *Tasmanian Development Act 1983*, including the governance of the legal entity Tasmania Development and Resources. It also provides independent advice to the Minister for Economic Development on matters relating to this portfolio and its associated responsibilities.

The board's primary focus is the creation of investment and employment aligned with the government's Economic Development Plan (EDP) and its three Regional Economic Development Plans. The strategic nature of the board's work is helping transition Tasmania's economy from less-productive traditional sectors into new opportunities.

The board is also responsible for managing a $46 million loan equity and property portfolio, and plays an important role in assessing the provision of loans and grant assistance packages.

Most of the support given this year was through the Tasmanian Government Innovation and Investment Fund (TGIIF). The TGIIF forms part of the Tasmanian Government's response to regional employment challenges. This initiative helps eligible Tasmanian businesses, or groups of eligible businesses, to accelerate their growth by supporting innovative and sustainable projects that diversify and strengthen Tasmania's regional economy. As well as the TGIIF help, the funded businesses also make major capital investments of their own, resulting in employment growth.

The two rounds of TGIIF allocations thus far have resulted in 35 businesses receiving a total of $5.3 million in grants. This has attracted $21.1 million in private investment and 384 additional full time equivalent jobs are expected to be generated within 24 months.

The businesses receiving TGIIF assistance are spread both geographically throughout Tasmania and across many of the priority sectors identified in the EDP. The latest round includes a manufacturer of extended-length laminated beams from sawmill offcuts near Ulverstone, a north-west coast flower grower, a whisky distillery from Port Arthur, a state-of-the-art freshwater smolt facility for an aquaculture enterprise in Cressy, and Van Diemen Aquaculture received a grant to help upgrade its fish harvest system and infrastructure. Berry growers, vineyards, organic farmers, honey producers and engineering businesses were among the other TGIIF recipients.

The aquaculture industry is an excellent example of growth occurring in a key priority sector identified in the EDP. Salmonid aquaculture is an important and growing industry in the state with an estimated contribution of $152 million towards gross state product and directly employing over 1 100 people. The industry plans to increase annual production from the current 34 000 tonnes to 80 000 tonnes by 2030.

Significantly, the Tasmanian Development Board has been actively involved in this growth since the industry was introduced to Tasmania in 1987.

Agriculture is another priority sector, with grants provided to upgrade the apple-processing capacity in the Huon Valley and to provide bulk distribution of Tasmanian apples nationwide to major supermarket chains.

A key focus in the north-west is the growing dairy industry, where significantly increased production has the potential to offset many of the job losses in the forestry sector, with hundreds of millions of dollars' worth of projects planned or underway.

The board also administers the $30 million Renewable Energy Loan Scheme and approved a number of proposals that are now in the process of being implemented. Power generation proposals for solar, wind and mini-hydro schemes were considered, with the board approving loan assistance for a wind-power generation plant on Flinders Island, a wind turbine at Sisters Creek and solar panels in Launceston, among others..

In the north-east, former forest workers were employed by Hazell Brothers and Haywards Steel Fabrication and Construction to work on the $400 million Musselroe Wind Farm project as part of Tasmania's renewal energy program.

Other Tasmanian companies to benefit from our assistance this year include Secheron Holdings (Roche Brothers Group), which secured a loan and a $250 000 grant to help build a new passenger ferry that is now travelling between Hobart and the Museum of Old and New Art (MONA). This is an excellent example of help given to support private investment – in this case the successful MONA development. The recent record visitor numbers to Tasmania are in part, due to MONA and its associated activities such as the MONA FOMA festival and the most recent initiative, the mid-winter Dark MOFO festival.

We also helped Vodafone by providing $850 000 towards its expansion infrastructure costs. The Tasmanian Government will further assist Vodafone by offsetting payroll tax for all of the company's expected 750 new employees. This investment will double the size of Vodafone's Tasmanian operations.

Tasmania still has many challenges to address as the world's economic landscape constantly changes. Our role is to continue to look strategically for emerging opportunities as our traditional economic foundations move with global realignments. Economic diversification, capitalising on Tasmania's natural advantages and identifying opportunities for growth are the keys to our future.

The board welcomes this opportunity to help meet these new challenges and help reposition Tasmania for its future growth and prosperity.

Lyn Cox

Chairman
Tasmanian Development Board
1 July 2013

Chief Executive's message

Through an ongoing period of economic uncertainty, Tasmania Development and Resources has continued to provide valuable advice to the Department of Economic Development, Tourism and the Arts.

The year has seen some significant investments for the state. We processed a large amount of applications for shovel-ready projects under two successful rounds of the Tasmanian Government Innovation and Investment Fund. This was complemented by significant private investment in our food and beverage industries – particularly in salmon and dairy – and strong national and international interest in the state's wine industry.

The food and beverage industries also featured in our trade missions to Europe and Asia. These missions consolidated an agreement with Gouhua Energy for a stake in the Musselroe Wind Farm, produced strong investor interest in our agriculture and mining projects and secured a Chinese Antarctic research vessel's visit to Tasmania. These achievements capitalise on the existing strengths and competitive advantages identified in our Economic Development Plan and Regional Economic Development Plans.

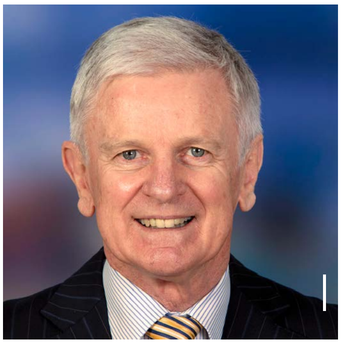
Our regional communities were dealt a blow early in 2013, when some of the worst bushfires on record destroyed parts of the Tasman Peninsula, the east coast and central north. The department has assisted directly with the recovery and administered funding from the Bushfires Recovery Loans Program.

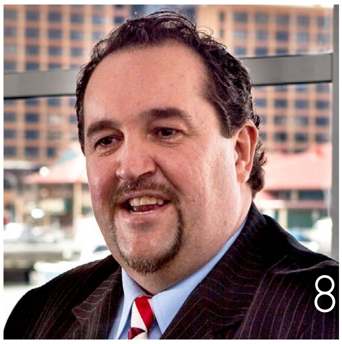
I would like to thank the Minister for Economic Development David O'Byrne and Chairman Lyn Cox for their support, and the valued staff from our department who continue to deliver such high quality work.

Mark Kelleher

Chief Executive
Tasmania Development and Resources

Tasmanian Development Board





1 Lyn Cox (Chairman)

Lyn Cox was appointed to the Tasmanian Development Board in February 2011.

He was a partner in professional services firm Deloitte, including over 10 years as managing partner for Tasmania.

He has extensive business experience from his 40 years practice in the areas of change management, assurance, risk management and listing companies on the stock exchange.

Lyn is currently Chairman of Tasmanian financial institution B&E Limited and a member of General Council of Tasmanian Health Organisation – South.

He was Tasmanian President and a National Director of the Australian Institute of Company Directors, and National Director and National Treasurer of the Heart Foundation.

Lyn has a Batchelor of Economics from the University of Tasmania, is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors.

2 Mark Kelleher (Secretary)

Mark Kelleher was appointed to the position of Secretary of the Department of Economic Development, Tourism and the Arts in May 2009. This is a business-focussed Tasmanian Government department, which covers a wide range of functions across export and trade facilitation, investment attraction, industry development, tourism, the arts, and sport and recreation.

As part of the role, Mr Kelleher is the Chief Executive of the Tasmanian Development Board and a member of the Tourism Tasmania Board. He is also a member of the Tasmanian Infrastructure Advisory Council and is on the board of Tasmanian Leaders Inc.

Preceding his appointment to the department, from September 2005 until May 2009 Mr Kelleher was Managing Director of Roaring 40s, a leading Australian-based renewable energy company developing and operating wind farms in Australia, China and India. During this time he was also a board member of the Australian Clean Energy Council.

Previously, Mr Kelleher was with Hydro Tasmania for approximately 12 years. During that time he held a number of senior positions including General Manager Business Development and General Manager Corporate, and held lead roles in major projects, such as the Tasmanian electricity industry restructure, Basslink and Tasmania's entry into the National Electricity Market.

Prior to this, Mr Kelleher was with Telstra where he held a number of key positions in financial and strategy areas, and was the Tasmanian Financial Controller.

Mr Kelleher has a Bachelor of Commerce from the University of Tasmania and is a Fellow of the Institute of Company Directors. He is also a graduate of the senior executive program at London Business School.

3 Professor Janelle Allison (Director)

Professor Janelle Allison was appointed to the board in February 2012 and is currently the Pro Vice Chancellor (Regional Development), Director of the Cradle Coast Campus at the University of Tasmania.

Professor Allison has a particular interest in the areas of participation and regional economic development. Her strategic and creative thinking have established new ways to approach engagement in learning. She provides strategic leadership for the University of Tasmania, developing initiatives in collaboration with faculties and many community and business/industry stakeholders. She has a particular interest in transforming regional economies and skilling the workforce. Her research interests are around niche high-value manufacturing and food production and their role in regional economies.

4 James Walch (Director)

James Walch was appointed to the Tasmanian Development Board in August 2012.

James has an active interest in the agriculture sector. He is a farmer from Epping Forest and manages the property of Stewarton, a mixed farming operation, including fine wool, potatoes, poppies, and irrigated lucerne. James is also a keen advocate of sustainable farming systems and sees the agricultural sector as a driver of the Tasmanian economy.

James is a former President of the Tasmanian Farmers and Graziers Association, Wool Council Chairman and is currently a member of the Environmental Policy Forum.

James also recently sat on the Tasmanian Climate Action Council and is currently a member of the Australian Landcare Council.

5 Mike Grainger (Director)

Mike Grainger was appointed to the board in November 2004.

Mr Grainger is Managing Director of Liferaft Systems Australia, a manufacturer of marine evacuation systems and large capacity life rafts for the international ferry and defence market. He has more than 25 years' experience in the manufacturing industry.

He is also a founding member of the Tasmania Maritime Network, Chairman of the board of TT-Line Company, a Director of the board of the international shipping organisation Interferry, the Chairman of the Brand Tasmania Council and member of the Det Norske Veritas International Ferry Committee.

6 Keryn Nylander (Director)

Keryn Nylander was appointed to the board in March 2000. Ms Nylander was formerly News Director for WIN Television Tasmania and a senior consultant with public relations consultancy Corporate Communications. She now runs her own PR consultancy, Nylander Consulting and is a part of the management team of specialist contract winemaking business, Winemaking Tasmania Pty Ltd.

She is a director of B&E financial institution and a Director of the state's peak wine body, Wine Industry Tasmania Ltd. Keryn is a former director of Business North and member of the Premier's Physical Activity Council.

7 Brett Torossi (Director)

Brett Torossi is a property developer with significant experience in urban and commercial developments and a passion for excellence in urban design. Her current major project is 'The Green', an innovative and sustainable development that will be home to around 500 families in the northern suburbs of Launceston. The Green has been planned to create a cohesive, safe, vibrant and inclusive community.

Other current projects involve a dynamic commercial development in Hobart and a successful and well-known tourism development on Tasmania's east coast. The results are award-winning, community-focused, leading-edge and ecologically sustainable developments.

Brett Torossi is a board member on the Tasmanian Early Years Foundation and the Festival of Voices, a Trustee for the Tasmanian Museum and Art Gallery, Commissioner for the Tasmanian Planning Commission and board member of Tourism Tasmania. Brett has been on the Tasmanian Development Board since January 2006.

8 Darren Alexander (Director)

Darren Alexander was appointed to the board in August 2012. Darren has been involved in the Tasmanian ICT industry for the past 14 years, regularly travelling the world to promote Autech and Tasmanian ICT.

Darren's passion is Tasmanian small business, ICT and in particular the National Broadband Network. Darren is committed to growing the Tasmanian ICT sector. He represents the ICT and small business industries on a number of boards, is a Past President of TAS ICT, Tasmania's peak ICT industry body, and Past Chairman of the Tasmanian Chamber of Commerce and Industry's Small Business Committee. Darren was also Chairman of the 5 Days of Innovation Festival, held in May 2010 and 2012, and was appointed by the Premier of Tasmania as a member of the Digital Futures Advisory Council.

Darren is the CEO of Autech, one of the most-awarded ICT companies in Tasmania, winning more than 24 state, national and international awards. Autech was named 'Australia's most innovative company' at the inaugural 'G'Day USA innovation shoot-out' in New York, by a panel of prestigious judges including the representatives of the *Wall Street Journal*. Autech is the only Tasmanian company to win this award.

Tasmanian Development Board meeting attendance

Member	Number of meetings attended
Chairman Lyn Cox	11
Darren Alexander [1]	9
Janelle Allison	9
Peter Gillooly [2]	6
Mike Grainger	10
Mark Kelleher	9
Keryn Nylander	11
Brett Torossi	11
James Walch [3]	9
Bob Wilson [4]	1

1 Term commenced effective 9 August 2012
2 Term expired effective 13 December 2012
3 Term commenced effective 9 August 2012
4 Term expired effective 12 July 2012

Policy objectives

The following statement of policy objectives reflects the goals and strategies for the economic development activities of the Department of Economic Development, Tourism and the Arts. It is provided in accordance with Section 29 E of the *Tasmanian Development Act 1983*.

Goal 1 To support and grow businesses in Tasmania

Goal One focuses on making Tasmania a great place to do business. We need this if we are going to offset the impact of the resources boom and be able to compete for investment. Planning and infrastructure need to support investment. Our businesses need to have access to the skills and information required to take advantage of market opportunities.

Goal 2 To maximise Tasmania's economic potential in key sectors

Goal Two is about making the most of Tasmania's market-driven competitive advantages. We need to understand our strengths and opportunities, and use this knowledge to drive investment attraction and trade promotion. This knowledge is also a critical input into decision-making on issues like infrastructure, skills, land use and regional planning. All need to be aligned so that we are investment ready.

Goal 3 To improve the social and environmental sustainability of the economy

Goal Three centres on social and environmental sustainability. Social sustainability focuses on sharing the benefits of economic development and not leaving some in our community behind. The initial focus for environmental sustainability will be to both promote and capture the business benefits of acting sustainably.

Goal 4 To support and grow communities within regions

Goal Four recognises the importance of place and communities. People do not live in sectors or businesses – we live in our communities. We need to unleash the creativity and passion of people in their local communities for sustainable economic development. This means working across all levels of government – national, state and local – to achieve economic outcomes and find local solutions. It is about translating strategy to reality on the ground. Place and liveability are connected. Through improving our liveability we are better placed to attract people to live, work, visit, invest and trade.

Grants and loans approval for 2012-13

The following summary is provided in accordance with Section 29E of the *Tasmanian Development Act 1983*.

Loan/grant category	Number of loan/grant approvals	Total loan/grant approval amounts
Other	71	$29.544 million
Total	**71**	**$29.544 million**

Outstanding loan balances as at 30 June 2013

The following summary is provided in accordance with Section 29E of the *Tasmanian Development Act 1983*.

Loan category	Number of loans	Total loan balances
Other	26	$33.853 million
Total	**26**	**$33.853 million**

Financial Statements

Tasmania Development and Resources

Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Continuing operations			
Revenue and other income from transactions			
Attributed revenue from Government			
Appropriation revenue – recurrent	1.6(a), 3.1	45,302	42,281
Appropriation revenue – section 8A of the *Public Account Act 1986*	1.6(a), 3.1	500	2,380
Revenue from Special Capital Investment Funds	3.2	249	384
Grants	1.6(b), 3.3	375	16,191
Interest	1.6(c), 3.4	2,932	1,859
Other revenue	1.6(d), 3.5	2,253	1,836
Total revenue and other income from transactions		**51,611**	**64,931**
Expenses from transactions			
Attributed employee benefits	1.7(a), 4.1	16,760	18,685
Depreciation and amortisation	1.7(b), 4.2	529	561
Supplies and consumables	1.7(c), 4.3	10,711	9,381
Grants and subsidies	1.7(d), 4.4	20,187	30,744
Finance costs	1.7(e), 4.5	1,658	1,962
Other expenses	1.7(f), 4.6	402	1,513
Total expenses from transactions		**50,247**	**62,846**
Net result from transactions (net operating balance)		**1,364**	**2,085**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	1.8(a)(c), 5.1	(411)	(915)
Net gain/(loss) on financial instruments and statutory receivables/payables	1.8(b), 5.2	(251)	(1,152)
Other gains/(losses) from other economic flows	1.8(d), 5.3	(7,050)	-
Total other economic flows included in net result		**(7,712)**	**(2,067)**
Net result from continuing operations		***(6,348)***	***18***
Net result		**(6,348)**	**18**
Comprehensive result		**(6,348)**	**18**

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

Tasmania Development and Resources

Statement of Financial Position as at 30 June 2013

	Notes	2013 $'000	2012 $'000
Assets			
Financial assets			
Cash and deposits	1.9(a), 10.1	15,186	5,158
Receivables	1.9(b), 6.1	1,365	3,225
Loan advances	1.9(c), 6.2	32,184	35,428
Equity investments	1.9(d), 6.3	48	586
Non-financial assets			
Property, plant and equipment	1.9(e), 6.4	4,842	5,308
Investment property	1.9(f), 6.5	9,070	9,700
Intangibles	1.9(g), 6.6	239	225
Other assets	1.9(h), 6.7	926	1,240
Total assets		**63,860**	**60,870**
Liabilities			
Payables	1.10(a), 7.1	1,738	1,324
Interest bearing liabilities	1.10(b), 7.2	25,080	18,021
Provisions	1.10(c), 7.3	1,727	1,707
Attributed employee benefits	1.10(d), 7.4	4,581	5,062
Other liabilities	1.10(f), 7.5	3,268	942
Total liabilities		**36,394**	**27,056**
Net assets		**27,466**	**33,814**
Equity			
Reserves	9.1	1	1
Accumulated funds		27,465	33,813
Total equity		**27,466**	**33,814**

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

Tasmania Development and Resources
Statement of Cash Flows for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Attributed appropriation receipts – recurrent		48,532	42,781
Receipts from Special Capital Investment Funds		249	384
Grants		375	16,191
Net GST		2,598	4,024
Interest received		2,833	1,957
Other cash receipts		2,333	1,922
Total cash inflows		**56,920**	**67,259**
Cash outflows			
Attributed employee benefits		(17,241)	(18,257)
Grants and subsidies		(20,774)	(35,077)
Interest payments		(1,293)	(2,213)
Supplies and consumables		(10,135)	(11,111)
Other cash payments		(807)	(1,738)
Total cash outflows		**(50,250)**	**(68,396)**
Net cash from (used by) operating activities	10.2	**6,670**	**(1,137)**
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets		489	292
Repayment of loans by other entities		20,976	1,939
Receipts from investments		551	-
Other cash receipts		-	310
Total cash inflows		**22,016**	**2,541**
Cash outflows			
Loans made to other entities		(17,898)	(2,351)
Payments for acquisition of non-financial assets		(347)	(435)
Other cash payments		(3)	-
Total cash outflows		**(18,248)**	**(2,786)**
Net cash from (used by) investing activities		**3,768**	**(245)**
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		81	-
Total cash inflows		**81**	**-**
Cash outflows			
Repayment of borrowings		(491)	(8,600)
Total cash outflows		**(491)**	**(8,600)**
Net cash from (used by) financing activities		**(410)**	**(8,600)**
Net increase (decrease) in cash held and cash equivalents		**10,028**	**(9,982)**
Cash and deposits at the beginning of the reporting period		**5,158**	**15,140**
Cash and deposits at the end of the reporting period	10.1	**15,186**	**5,158**

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Tasmania Development and Resources

Statement of Changes in Equity for the year ended 30 June 2013

	Reserves $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2012	**1**	**33,813**	**33,814**
Total comprehensive result	-	(6,348)	(6,348)
Balance as at 30 June 2013	**1**	**27,465**	**27,466**

	Reserves $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2011	**1**	**33,795**	**33,796**
Total comprehensive result	-	18	18
Balance as at 30 June 2012	**1**	**33,813**	**33,814**

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2013

Note 1 Significant accounting policies

1.1 Objectives and funding

The Tasmanian Development Authority (TDA) was established under the *Tasmanian Development Act 1983* (TD Act). Under Section 4(1) of the TD Act, the body corporate TDA operates under the corporate name Tasmania Development and Resources (TDR).

TDR has the mission to encourage and promote the balanced economic development of Tasmania by sustaining an effective partnership between business and Government, which fully utilises the strategic advantages and human resources of the State to improve the wealth and quality of life in Tasmania whilst retaining its environmental status.

TDR is committed to enhancing the capability of Tasmanian businesses and improving local, national and international opportunities for business in Tasmania.

TDR's key corporate objectives are to:

» develop a world class business environment

» provide ongoing strategic direction and data for industry development within the State

» provide strategic business support services

» identify, prioritise and develop relevant industry programs and products

» assist small businesses to grow

» provide training, skills enhancement and management support to business

» provide export support and culture

» attract new internal and external investment

» provide effective, efficient and quality administration of the Government's loan and property portfolios.

TDR forms part of the Department of Economic Development, Tourism and the Arts. The activities of TDR are predominantly funded through Parliamentary appropriations.

The Financial Statements encompass all funds through which TDR controls resources to carry on its functions. TDR activities are classified as controlled. Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by TDR in its own right.

The financial management and reporting obligations of TDR are governed by the TD Act and the *Financial Management and Audit Act 1990*.

1.2 Basis of accounting

The Financial Statements are general purpose Financial Statements and have been prepared in accordance with:

» the *Tasmanian Development Act 1983*

» Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board; and

» the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the Chairman of the Board and Director Mark Kelleher on 12 August 2013.

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

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 1.5.

The Financial Statements have been prepared as a going concern. The continued existence of TDR in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by parliament for TDR's administration and activities.

1.3 Reporting entity

The Financial Statements include all the controlled activities of TDR and consolidate material transactions and balances of TDR.

1.4 Functional and presentation currency

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

1.5 Changes in accounting policies

a) Impact of new and revised Accounting Standards

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

» AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASBs 1 and 7]* – This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

» AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project [AASBs 1, 5, 101, 107,108, 121, 128, 132 and 134 and Interpretations 2, 112 and 113]* – this Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

» AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 and 1049]* – This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

» AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009 11, AASB 2010 7, AASB 2011 7 and AASB 2011 8]* – This Standard amends the mandatory effective date of AASB 9 Financial Instruments so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. There is no financial impact.

b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied.

» AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 but is not yet available for application by not-for-profit entities. TDR has determined that the potential impact of implementation will be nil.

» AASB 13 *Fair Value Measurement* – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of fair value as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of TDR's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value. TDR has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment and any liabilities measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not 'observable' outside TDR, the amount of information to be disclosed will be relatively greater. While TDR is yet to complete this review, no substantial changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for TDR's property, plant and equipment as from 2013-14.

» AASB 119 *Employee Benefits* – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2012. TDR has not yet determined the application or the potential impact of the Standard. Disclosure is under review.

» AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 116, 117, 118, 119, 120, 121, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 and 132]* – This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. It is anticipated that there will not be any financial impact.

» AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB1, 8, 101, 124, 134, 1049, and 2011 8 and Interpretation 14]* – This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. It is anticipated that there will be limited financial impact.

» AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009 2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 and AASB 134 and Interpretation 2]* – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. TDR has determined that the potential impact of implementation will be nil.

1.6 Income from transactions

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

(a) Attributed revenue from Government

Attributed Appropriations, whether recurrent or capital, are recognised as revenues in the period in which TDR gains control of the appropriated funds as allocated by the Department. Except for any amounts identified as carried forward in Notes 3.1, control arises in the period of appropriation.

(b) Grants

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

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

(c) Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method. Interest revenue includes interest received by TDR on some loan advances.

(d) Other revenue

Other revenue includes sundry fee revenues and rent and other income received relating to *War Service Land Settlement Act 1950*, rural properties and investment properties and are recognised as revenue in the period in which TDR gains control of the funds.

1.7 Expenses from transactions

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

(a) Attributed employee benefits

TDR does not employ staff in its own right; activities of TDR are delivered by staff employed by the Department. That share of the employee benefits incurred by the Department that relate to TDR activities are included in the Statement of Comprehensive Income as Attributed Employee Benefits and include where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Depreciation and amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements, once the asset is held ready for use.

Depreciation is provided for on a straight-line basis using rates which are reviewed annually. The major depreciation periods are:

» Plant and equipment 2-25 years

» Leasehold improvements 5-12 years.

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by TDR. Major amortisation period is:

» Software 5 years

(c) Supplies and consumables

Supplies and consumables, including audit fees, advertising and promotion, communications, consultants and contracted services, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

(d) Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

» the services required to be performed by the grantee have been performed

» the grant eligibility criteria have been satisfied.

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

The program/project commitments show amounts approved to clients payable over one year or greater than one year on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases.

(e) Finance costs

All finance costs are expensed as incurred using the effective interest method.

Finance costs include:

» interest on bank overdrafts and short term and long term borrowings

» unwinding of discounting of provisions

» amortisation of discounts or premiums related to borrowings

» amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(f) Other expenses

Other expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

1.8 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(a) Gain/(loss) on sale of non-financial assets

Gains or losses from the sale of non-financial assets are recognised when control of the assets has passed to the buyer.

(b) Impairment – financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(c) Impairment – non-financial assets

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. TDR's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in the Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

1.9 Assets

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

(a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Deposits are recognised at amortised cost, being their face value.

(b) Receivables

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

(c) Loan advances

Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances are reviewed on an ongoing basis. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of loan advances. Loan advances that are known to be uncollectable are written off. Loan advances include financial assistance provided by TDR to the private sector in the form of loans.

(d) Equity investments

Equity investments are initially recorded at cost and at net recoverable value subsequent to initial recognition determined as follows:

- » listed companies – the share's current market value for listed public companies
- » unlisted companies – based on estimated recoverable amount.

Changes in the value of equity investments are accounted for as net increases or reversals of impairment losses.

The equity method of accounting has not been used to bring to account the financial operations of equity investments within the Financial Statements. TDR's investment in these equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of TDR, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

As such, TDR considers that it would be inappropriate to apply the equity method of accounting. Incorporation into TDR's Financial Statements of financial information relating to these equity investments could provide users of TDR's Financial Statements with a misleading indication of its financial performance.

(e) Property, plant and equipment

(i) Valuation basis

Rural properties are recorded at fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

All other non-current physical assets are recorded at historic cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to TDR and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by TDR is $10 000. Assets valued at less than $10 000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

TDR has adopted a revaluation threshold of $50 000. Non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset does not differ materially from fair value at reporting date.

Assets are grouped on the basis of having a similar nature or function in the operations of TDR.

Investment property is revalued by class of asset annually to ensure they reflect fair value at balance date.

(f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both.

Investment property is recorded at fair value with any changes in the fair value being recorded as income or expenses in the Statement of Comprehensive Income.

Investment property is not depreciated.

(g) Intangibles

An intangible asset is recognised where:

» it is probable that an expected future benefit attributable to the asset will flow to TDR

» the cost of the asset can be reliably measured.

Intangible assets held by TDR are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(h) Other assets

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

1.10 Liabilities

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

(a) Payables

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

(b) Interest bearing liabilities

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and 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.

(c) Provisions

A provision arises if, as a result of a past event, TDR has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

(d) Attributed employee benefits

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

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

(e) Superannuation

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(f) Other liabilities

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

1.11 Leases

TDR has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

TDR is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

1.12 Judgements and assumptions

In the application of Australian Accounting Standards, TDR is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by TDR that have significant effects on the Financial Statements are disclosed in the following Notes:

» Note 5.2, 1.8 – Net gain/(loss) on financial instruments and statutory receivables/payables

» Note 6.2, 1.9(c) – Loan advances

» Note 6.3, 1.9(d) – Equity investments

» Note 6.4, 1.9(e) – Property, plant and equipment

» Note 6.5, 1.9(f) – Investment property

» Note 7.4, 1.10(d) – Attributed employee benefits.

TDR has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.13 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

1.14 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of any changes in accounting policy on comparative figures are at Note 1.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

1.15 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.16 Taxation

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

1.17 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 2 Events occurring after balance date

There have been no events subsequent to balance date which would have a material effect on TDR's Financial Statements as at 30 June 2013 with the exception of a quantifiable contingent liability at Note 8.2(a).

Note 3 Income from transactions

3.1 Attributed revenue from Government

Attributed revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986.*

	2013 $'000	2012 $'000
Continuing operations		
Attributed appropriation revenue – recurrent		
Current year	45,302	42,281
Total	**45,302**	**42,281**
Revenue from Government – other		
Attributed appropriation carried forward under section 8A(2) of the *Public Account Act 1986* taken up as revenue in the current year.	500	2,380
Total	**500**	**2,380**
Total attributed revenue from Government	**45,802**	**44,661**

Section 8A(2) of the *Public Account Act 1986* allows for an unexpended balance of an appropriation to be transferred to an account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

3.2 Revenue from Special Capital Investment Funds

Funding for major infrastructure projects is provided through Special Capital Investment Funds. TDR is allocated funding for specific projects from the Special Capital Investment Funds as part of the State Budget process.

	2013 $'000	2012 $'000
Economic and Social Infrastructure Fund	249	384
Total	**249**	**384**

3.3 Grants

	2013 $'000	2012 $'000
Grants from the Australian Government		
Tasmanian Forestry Agreement	-	16,000
Industry Capability Network – National Broadband Network	225	175
Total	**225**	**16,175**
Other Grants		
General Grants	150	16
Total	**150**	**16**
Total Grants	**375**	**16,191**

Grants received prior to 30 June 2013 that remained unspent at the end of the year total $75,182.

3.4 Interest

	2013 $'000	2012 $'000
Interest	2,932	1,859
Total	**2,932**	**1,859**

3.5 Other revenue

	2013 $'000	2012 $'000
Investment property rental	1,032	980
Investment property other revenue	307	310
Other	914	546
Total	**2,253**	**1,836**

Note 4 Expenses from transactions

4.1 Attributed employee benefits

	2013 $'000	2012 $'000
Wages and salaries	13,011	14,011
Annual leave	869	1,137
Long service leave	(127)	482
Sick leave	476	578
Superannuation – defined benefit scheme	220	342
Superannuation – contribution schemes	1,537	1,551
Other post-employment benefits	366	445
Other employee expenses	408	139
Total	**16,760**	**18,685**

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.5 per cent of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of nine per cent of salary. In addition, TDR is also required to pay into the Consolidated Fund a 'gap' payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

4.2 Depreciation and amortisation

(a) Depreciation

	2013 $'000	2012 $'000
Plant and equipment	118	157
Total	**118**	**157**

(b) Amortisation

	2013 $'000	2012 $'000
Intangibles	225	221
Leasehold improvements	186	183
Total	**411**	**404**
Total depreciation and amortisation	**529**	**561**

4.3 Supplies and consumables

	2013 $'000	2012 $'000
Audit fees – financial audit	69	67
Audit fees – internal audit	53	48
Operating lease costs	1,930	1,560
Consultants and contracted services	3,542	2,341
Property services	938	835
Maintenance	316	332
Communications	314	315
Information technology	989	953
Travel and transport	978	955
Advertising and promotion	855	778
Other supplies and consumables	727	1,197
Total	**10,711**	**9,381**

4.4 Grants and subsidies

	2013 $'000	2012 $'000
Grants	20,072	30,690
Subsidies	20	20
Sponsorship	95	34
Total	**20,187**	**30,744**

TDR provides grants to assist Tasmanian enterprises with industry development and employment assistance. These include assistance in the areas of exporting, innovation, contact centres and skill development. TDR also disburses designated specific purpose grants allocated from the Government's Special Capital Investment Funds.

4.5 Finance costs

	Notes	2013 $'000	2012 $'000
Interest expense			
Interest on bank overdrafts and loans		1,226	1,781
Total		**1,226**	**1,781**
Other finance costs			
Unwinding of discounting of provisions	7.3(b)	13	181
Other finance costs		419	-
Total		**432**	**181**
Total finance costs		**1,658**	**1,962**

Other finance costs

During 2012-13 a cost of $419 000 was incurred as a result of making a partial repayment off an existing long-term borrowing with Tascorp.

4.6 Other expenses

	2013 $'000	2012 $'000
Salary on-costs	37	1,168
Seminars and conferences	129	119
Expenses associated with investment property	16	14
Other	220	212
Total	**402**	**1,513**

Note 5 Other economic flows included in net result

5.1 Net gain/(loss) on non-financial assets

	2013 $'000	2012 $'000
Revaluation of investment properties	(630)	(944)
Net gain/(loss) on sale of non-financial assets	219	29
Total net gain/(loss) on non-financial assets	**(411)**	**(915)**

For investment properties refer to Note 6.5(b).

5.2 Net gain/(loss) on financial instruments and statutory receivables/payables

	2013 $'000	2012 $'000
Impairment reversals/(losses) for:		
Loans advances	3,158	(1,154)
Equity investments	13	2
Loan advances written off during the year	(3,422)	-
Total net gain/(loss) on financial instruments	**(251)**	**(1,152)**

Tasmanian Development Act 1983 loan advances impaired in 2012-13 related to Cattle Country Australia Pty Ltd ($54 000) and J & A Gretschmann ($170 000). Section 35 Loans Administered by TDR impaired in 2012-13 included Tas-Air Pty Ltd ($1.5 million), Training Opportunities and Options for Learning Inc ($70 000) and Blockmack Pty Ltd ($160 000), refer to Note 6.2.

Equity investments impairment transaction during 2012-13 related to First Tasmania Investment Ltd, refer to Note 6.3.

Loan advances written off in 2012-13 for *Tasmanian Development Act 1983* and Section 35 Loans Administered by TDR related to Tascot Templeton Carpets Pty Ltd ($3.2 million) and a Convertible Note for Soil First Pty Ltd ($200 000).

5.3 Other gains/(losses) from other economic flows

	Notes	2013 $'000	2012 $'000
Other finance costs	7.2	(7,050)	-
Total other gains/(losses) from other economic flows		**(7,050)**	**-**

During 2012-13 under the *State Advances Act 1935* and *Tasmanian Development Act 1983* a non-repayable loan of $7.895 million was renegotiated with the Department of Treasury and Finance to an interest-free loan of $7.050 million repayable in full over 15 years.

Note 6 Assets

6.1 Receivables

	2013 $'000	2012 $'000
Receivables	402	269
Tax assets	963	2,956
Total	**1,365**	**3,225**
Settled within 12 months	1,365	3,225
Settled in more than 12 months	-	-
Total	**1365**	**3,225**

6.2 Loan advances

	2013 $'000	2012 $'000
Convertible note	-	200
Section 35 Loans Administered by TDR	28,135	33,013
Tasmanian Development Act 1983	3,056	5,609
Fire Damage Relief Act 1967	23	25
Farm Water Development Act 1985	959	1,161
Renewable Energy Loan Scheme	2,017	584
Less: Provision for impairment	(2,006)	(5,164)
Total	**32,184**	**35,428**
Settled within 12 months	8,490	7,474
Settled in more than 12 months	23,694	27,954
Total	**32,184**	**35,428**

Loan advances include financial assistance provided by TDR to the private sector in the form of loans.

Under the provisions of the *Tasmanian Development Act 1983*, TDR has the power to provide loans to clients that assist in the development and expansion of the Tasmanian economy. Generally, these loans are provided on the basis of commercial terms, conditions, interest rates and security.

Reconciliation of movement in provision for impairment of other financial assets	2013 $'000	2012 $'000
Carrying amount at 1 July	**5,164**	**4,010**
Increase/(decrease) in provision recognised in net result	(3,158)	1,154
Carrying amount at 30 June	**2,006**	**5,164**

The decrease in the provision for impairment relates to loan advances written off in 2012-13 for *Tasmanian Development Act 1983* and Section 35 Loans Administered by TDR to Tascot Templeton Carpets Pty Ltd ($3.2 million) and a Convertible Note for Soil First Pty Ltd ($200 000).

Tasmanian Development Act 1983 loan advances impaired in 2012-13 related to Cattle Country Australia Pty Ltd ($54 000) and J & A Gretschmann ($170 000). Section 35 Loans Administered by TDR impaired in 2012-13 included Tas-Air Pty Ltd ($1.5 million), Training Opportunities and Options for Learning Inc ($70 000) and Blockmack Pty Ltd ($160 000).

6.3 Equity investments

	2013 $'000	2012 $'000
Listed shares – at cost	2,412	2,412
Listed shares – converted	944	944
Unlisted equity instruments	4,382	4,933
Less: Provision for impairment	(7,690)	(7,703)
Total	**48**	**586**
Settled within 12 months	-	-
Settled in more than 12 months	48	586
Total	**48**	**586**

Listed shares

TASSAL Ltd

TDR holds 1 583 341 fully paid ordinary shares in TASSAL Limited. The value of this investment is $Nil.

Unlisted equity instruments

First Tasmania Investments Ltd

TDR holds 2 402 105 ordinary shares in First Tasmania Investments Ltd. The shares have been valued at $Nil as at 30 June 2013.

North West Bay Ships Pty Ltd

TDR acquired 800 000 preference shares (7 per cent) of $1.00 each in June 2000. The shares have been valued at $Nil as at 30 June 2013.

SDT Australia Pty Ltd

TDR acquired 200 000 preference shares (9 per cent) of $1.00 each in June 2000. The company has not operated for the last four and a half years due to a lack of capital for further research and development. The shares have been valued at $Nil as at 30 June 2013.

Reconciliation of movement in provision for impairment of equity investments	2013 $'000	2012 $'000
Carrying amount at 1 July	**7,703**	**7,705**
Increase/(decrease) in provision recognised in net result	(13)	(2)
Carrying amount at 30 June	**7,690**	**7,703**

6.4 Property, plant and equipment

(a) Carrying amount

	2013 $'000	2012 $'000
Land		
Rural properties – at fair value (30 June 2013)	3,417	3,687
Total	**3,417**	**3,687**
Leasehold improvements		
At cost	4,048	4,048
Less: accumulated amortisation	(2,929)	(2,744)
	1,119	1,304
Work in progress (at cost)	-	-
Total	**1,119**	**1,304**
Plant and equipment		
At cost	1,427	1,533
Less: Accumulated depreciation	(1,190)	(1,247)
	237	286
Work in progress (at cost)	69	31
Total	**306**	**317**
Total property, plant and equipment	**4,842**	**5,308**

Rural properties are valued as at 30 June 2013 to fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

2013	Land $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Carrying value at 1 July	**3,687**	**1,304**	**317**	**5,308**
Additions	-	-	107	107
Disposals	(270)	-	-	(270)
Depreciation and amortisation	-	(185)	(118)	(303)
Carrying value at 30 June	**3,417**	**1,119**	**306**	**4,842**

2012	Land $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Carrying value at 1 July	**3,953**	**1,373**	**411**	**5,737**
Additions	-	114	63	177
Disposals	(266)	-	-	(266)
Depreciation and amortisation	-	(183)	(157)	(340)
Carrying value at 30 June	**3,687**	**1,304**	**317**	**5,308**

6.5 Investment property

(a) Carrying amount

	2013 $'000	2012 $'000
Land at fair value	4,420	4,600
Buildings at fair value	4,650	5,100
Total	**9,070**	**9,700**

Investment property includes the Tasmanian Technopark which assists the acceleration of growth for start-up and existing businesses. The Technopark offers accommodation options to suit a range of businesses from complete, self-contained buildings to individual tenancies, a business incubator centre and managed office facility.

The latest revaluations as at 30 June 2013 were based on valuations undertaken by independent valuers Brothers and Newton Opteon. This valuation was prepared on the basis of market value as defined by the International Valuation Standards Committee and endorsed by the Australian Property Institute.

6.5 Investment property (continued)

(b) Reconciliation of movements

	2013 $'000	2012 $'000
Carrying amount at 1 July	**9,700**	**10,610**
New purchases	-	34
Net gains/(losses) from fair value adjustments	(630)	(944)
Carrying amount at 30 June	**9,070**	**9,700**

6.6 Intangibles

(a) Carrying amount

	2013 $'000	2012 $'000
Intangibles with a finite useful life		
Software at cost	836	818
Less: accumulated amortisation	(597)	(593)
Total	**239**	**225**

(b) Reconciliation of movements

	2013 $'000	2012 $'000
Carrying amount at 1 July	**225**	**221**
Additions	239	225
Amortisation expense	(225)	(221)
Carrying amount at 30 June	**239**	**225**

6.7 Other assets

(a) Carrying amount

	2013 $'000	2012 $'000
Other assets		
Prepayments	925	1,239
Other	1	1
Total	**926**	**1,240**
Utilised within 12 months	926	1,240
Utilised in more than 12 months	-	-
Total	**926**	**1,240**

6.7 Other assets (continued)

(b) Reconciliation of movements

	2013 $'000	2012 $'000
Carrying amount at 1 July	**1,240**	**903**
Additions	926	1,240
Used-up	(1,240)	(903)
Carrying amount at 30 June	**926**	**1,240**

Note 7 Liabilities

7.1 Payables

	2013 $'000	2012 $'000
Creditors	33	55
Funds held in trust	782	786
Accrued expenses	910	479
Paid Parental Leave Scheme liabilities	13	4
Total	**1,738**	**1,324**
Settled within 12 months	1,738	1,324
Settled in more than 12 months	-	-
Total	**1,738**	**1,324**

Settlement is usually made within 30 days.

Funds held in trust relate to funds held by TDR on behalf of the independent non-Government entities of Brand Tasmania Council and Agreement on the Conservation of Albatrosses and Petrels, for which TDR provides corporate support.

7.2 Interest bearing liabilities

(a) Carrying amount

	2013 $'000	2012 $'000
Loans from the State Government	6,580	21
Loans from Tascorp	18,500	18,000
Total	**25,080**	**18,021**

(b) Maturity schedule

One year or less	3,500	-
From one to five years	21,580	18,021
Total	**25,080**	**18,021**

During 2012-13 under the *State Advances Act 1935* and *Tasmanian Development Act 1983* a non-repayable loan of $7.895 million was renegotiated with the Department of Treasury and Finance to an interest-free loan of $7.050 million repayable in full over 15 years. In addition a cost of $419 000 was incurred as a result of making a partial repayment off an existing long-term borrowing with Tascorp.

7.3 Provisions

(a) Carrying amount

	2013 $'000	2012 $'000
Operating lease provisions	807	800
Operating lease make-good provisions	920	907
Total	**1,727**	**1,707**
Settled within 12 months	807	873
Settled in more than 12 months	920	834
Total	**1,727**	**1,707**

The amount of TDR's provisions is the best estimate of the expenditure required to settle the present obligation, as at the end of the reporting period. The best estimate at the end of the reporting period, takes into account increases of costs, using the Consumer Price Index. The provision is discounted to reflect the present value of such expenditures where the time value of money is material.

(b) Reconciliation of movements in provisions

	Operating lease make-good provision		Operating lease provisions		Total provisions	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balance at 1 July	**907**	**726**	**800**	**1,020**	**1,707**	**1,746**
Increases	26	38	7	-	33	38
Changes against the provision	-	-	-	-	-	-
Reversals	-	-	-	(220)	-	(220)
Changes in discounting	(13)	143	-	-	(13)	143
Balance at 30 June	**920**	**907**	**807**	**800**	**1,727**	**1,707**

Movements in lease provisions relate to the renegotiation of tenancy leases held by TDR and to increases in Government discount rates used to calculate the present value of provisions.

7.4 Attributed employee benefits

	2013 $'000	2012 $'000
Accrued salaries	533	521
Annual leave	1,138	1,273
Long service leave	2,821	3,190
State Service Accumulated Leave Scheme provision	89	78
Total	**4,581**	**5,062**
Settled within 12 months	1,970	2,101
Settled in more than 12 months	2,611	2,961
Total	**4,581**	**5,062**

7.5 Other liabilities

	2013 $'000	2012 $'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the *Public Account Act 1986*	3,230	500
Other liabilities		
Employee benefits – on-costs	17	323
Other liabilities	21	119
Total	**3,268**	**942**
Settled within 12 months	3,257	749
Settled in more than 12 months	11	193
Total	**3,268**	**942**

Note 8 Commitments and Contingencies

8.1 Schedule of commitments

	2013 $'000	2012 $'000
By type		
Lease commitments		
Operating leases	33,866	33,477
Total lease commitments	**33,866**	**33,477**
Other commitments		
Loan commitments	6,260	3,611
Program/project commitments	27,107	23,148
Total other commitments	**33,367**	**26,759**
Total	**67,233**	**60,236**
By maturity		
Operating lease commitments		
One year or less	2,360	2,032
From one to five years	12,005	10,459
More than five years	19,501	20,986
Total operating lease commitments	**33,866**	**33,477**
Other commitments		
One year or less	13,568	17,846
From one to five years	19,799	8,913
More than five years	-	-
Total other commitments	**33,367**	**26,759**
Total	**67,233**	**60,236**

Operating leases are associated with rental costs for leased premises occupied by TDR, office equipment and motor vehicles leased through the Government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 13 years.

Loan commitments are loans approved but not drawn down by clients as at 30 June.

Program/project commitments show amounts approved to clients payable over one year or greater than one year on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases.

8.2 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

	2013 $'000	2012 $'000
Quantifiable contingent liabilities		
Liability in respect of a guarantee to be given to Export Finance and Insurance Corporation in 2013-2014 for a value of €13 million (Euros). This is to support further loan funding being provided to Adriatic Fast Ferries Ltd (an associated entity within the Incat Group of companies), under its existing loan facility agreement. Ultimately, the provision of the guarantee will support the retention of jobs at the Hobart shipyard while further contracts for ferry construction are being negotiated. Conversion factor of 1.43 was use.	18,590	-
Total quantifiable contingent liabilities	**18,590**	**-**

(b) Unquantifiable contingencies

At 30 June 2013, TDR had an outstanding legal claim against it as detailed below. It is not possible at the reporting date to accurately estimate the amounts of eventual receipts or payments, if any, that may be required in relation to this claim.

Jill Mure vs Tasmania Development and Resources and the Recorder of Titles. The landowner is disputing the ownership of a strip of foreshore land at Tinderbox currently valued by TDR at $50 000. The matter has been adjourned to a date to be fixed by the Court.

Note 9 Reserves

9.1 Reserves

2013	Art work $'000	Total $'000
Asset revaluation reserve		
Balance at the beginning of financial year	1	1
Revaluation increments/(decrements)	-	-
Transfers to/(from) reserves	-	-
Balance at end of financial year	**1**	**1**

2012	Art work $'000	Total $'000
Asset revaluation reserve		
Balance at the beginning of financial year	1	1
Revaluation increments/(decrements)	-	-
Transfers to/(from) reserves	-	-
Balance at end of financial year	**1**	**1**

(a) Nature and purpose of reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-financial assets, as described in Note 1.9(e).

Note 10 Cash Flow Reconciliation

10.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by TDR, and other cash held, excluding those accounts which are administered or held in a trustee capacity or department arrangement.

	2013 $'000	2012 $'000
Special Deposits and Trust Fund balance		
T522 Economic Development Operating Account	14,835	4,778
T790 Government Guarantees Reserve Account	350	351
T941 Fire Relief Account	-	3
Total	**15,185**	**5,132**
Other cash held		
Cash in transit	-	25
Cash on hand and at bank	1	1
Total	**1**	**26**
Total cash and deposits	**15,186**	**5,158**

10.2 Reconciliation of net result to net cash from operating activities

	2013 $'000	2012 $'000
Net result from transactions (net operating balance)	**(6,348)**	**18**
Increase (decrease) S8A(2) carry forwards	2,730	(1,880)
Depreciation and amortisation	529	561
Finance costs	7,469	-
Interest	(99)	41
(Gain)/loss on disposal of non-financial assets	(219)	(29)
(Gain)/loss on fair value revaluations	630	944
Impairment adjustments	251	1,152
Decrease (increase) in Receivables	1,861	(1,567)
Decrease (increase) in Other assets	314	(336)
Increase (decrease) in Attributed employee benefits	(481)	412
Increase (decrease) in Payables	418	(244)
Increase (decrease) in Provisions	20	(39)
Increase (decrease) in Other liabilities	(405)	(170)
Net cash from (used by) operating activities	**6,670**	**(1,137)**

Note 11 Financial Instruments

11.1 Risk exposures

(a) Risk management policies

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

- » credit risk
- » liquidity risk
- » market risk.

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

(b) Credit risk exposures

Credit risk is the risk of financial loss to TDR if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The credit risk on financial assets of TDR which have been recognised in the Statement of Financial Position, other than equity investments, is the carrying amount, net of any provision for impairment.

TDR manages credit risk on loan advances by obtaining security over assets in accordance with the provisions of the TD Act and by including appropriate risk margins in TDR's interest rate pricing, based on an assessment of the inherent risk of individual clients.

TDR is materially exposed to Norske Skog Paper Mills Australia Pty Ltd (53%). Concentration of credit risk by industry on loan advances is: Paper (53%), Tourism (22%).

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses.	The general terms of trade for receivables is 30 days.
Other Financial Assets – loan advances	Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances is reviewed on an ongoing basis.	Loan advances include financial assistance provided by TDR to the private sector in the form of loans.
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

The following tables analyse financial assets that are past due but not impaired.

Analysis of financial assets that are past due at 30 June 2013 but not impaired	Past due >30 days $'000	Past due >60 days $'000	Past due >90 days $'000	Total $'000
Receivables	72	35	85	**193**
Other Financial Assets – loan advances	4	4	34	**42**

Analysis of financial assets that are past due at 30 June 2012 but not impaired	Past due >30 days $'000	Past due >60 days $'000	Past due >90 days $'000	Total $'000
Receivables	82	9	99	**190**
Other Financial Assets – loan advances	5	4	67	**76**

(c) Liquidity risk

Liquidity risk is the risk that TDR will not be able to meet its financial obligations as they fall due. TDR's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when TDR becomes obliged to make future payments as a result of a purchase of assets or services.	TDR's terms of trade are 30 days.
Interest bearing liabilities	Bank loans and other loans are initially measured at fair value, net of transaction costs. These loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. TDR regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.	Contractual payments made on a regular basis.

The following tables detail the undiscounted cash flows payable by TDR relating to the remaining contractual maturity for its financial liabilities.

2013	Maturity analysis for financial liabilities							
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Undiscounted total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	1,738	-	-	-	-	-	1,738	1,738
Interest bearing liabilities	3,500	-	-	-	-	21,580	25,080	25,080
Total	**5,238**	**-**	**-**	**-**	**-**	**21,580**	**26,818**	**26,818**

2012	Maturity analysis for financial liabilities							
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Undiscounted total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	1,324	-	-	-	-	-	1,324	1,324
Interest bearing liabilities	-	-	-	-	-	18,021	18,021	18,021
Total	**1,324**	**-**	**-**	**-**	**-**	**18,021**	**19,345**	**19,345**

11.1 Risk exposures (continued)

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that TDR is exposed to is interest rate risk.

TDR seeks to manage exposure to movements in interest rates by matching the repricing profile of financial assets and financial liabilities. TDR enters into interest rate options on floating rate debt to match capped rate loan advances. The costs of such options are recovered in the interest rate applied to loan advances.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as TDR intends to hold fixed rate assets and liabilities to maturity.

At the reporting date, the interest rate profile of the TDR's interest bearing financial instruments was as follows.

	2013 $'000	2012 $'000
Fixed rate instruments		
Financial assets	1,413	3,811
Financial liabilities	(16,738)	(19,324)
Total	**(15,325)**	**(15,513)**
Variable rate instruments		
Financial assets	47,370	40,586
Financial liabilities	(3,500)	(21)
Total	**43,870**	**40,565**

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

Sensitivity analysis of TDR's exposure to possible changes in interest rates

	Statement of Comprehensive Income		Equity	
	100 basis points increase $	100 basis points decrease $	100 basis points increase $	100 basis points decrease $
30 June 2013				
Cash and deposits	102,385	(102,385)	(102,385)	(102,385)
Loan advances	321,838	(321,838)	(321,838)	(321,838)
Interest bearing liabilities	(185,000)	185,000	185,000	185,000
Net sensitivity	**239,223**	**(239,223)**	**(239,223)**	**(239,223)**
30 June 2012				
Cash and deposits	116,912	(116,912)	(116,912)	(116,912)
Loan advances	354,282	(354,282)	(354,282)	(354,282)
Interest bearing liabilities	(180,214)	180,214	180,214	180,214
Net sensitivity	**290,980**	**(290,980)**	**(290,980)**	**(290,980)**

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2012.

11.2 Categories of financial assets and liabilities

	2013 $'000	2012 $'000
Financial assets		
Cash and deposits	15,186	5,158
Loans and receivables	33,549	35,428
Available-for-sale financial assets	48	586
Total	**48,783**	**41,172**
Financial liabilities		
Financial liabilities measured at amortised cost	26,818	19,345
Total	**26,818**	**19,345**

11.3 Comparison between carrying amount and net fair value of financial assets and liabilities

	Carrying amount 2013 $'000	Net fair value 2013 $'000	Carrying amount 2012 $'000	Net fair value 2012 $'000
Financial assets				
Other financial assets				
Equity investments	48	48	586	586
Total financial assets	**48**	**48**	**586**	**586**

11.4 Net fair values of financial assets and liabilities

2013	Net fair value Level 1 $'000	Net fair value Level 2 $'000	Net fair value Level 3 $'000	Net fair value Total $'000
Financial assets				
Other financial assets				
Equity investments	-	48	-	48
Total financial assets	**-**	**48**	**-**	**48**

2012	Net fair value Level 1 $'000	Net fair value Level 2 $'000	Net fair value Level 3 $'000	Net fair value Total $'000
Financial assets				
Other financial assets				
Equity investments	-	586	-	586
Total financial assets	**-**	**586**	**-**	**586**

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. TDR uses various methods in estimating the fair value of a financial instrument. The methods comprise:

» Level 1 – the fair value is calculated using quoted prices in active markets

» Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

» Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Financial assets

The net fair value of loan advances is based on the differential between the actual interest rates of loans advanced and the equivalent TDR market interest rates at the time of reporting. Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition.

Equity investments are revalued from time to time as considered appropriate by the directors and are not stated at values in excess of their recoverable amounts.

All financial assets are not readily traded on organised markets in a standardised form.

Financial liabilities

The net fair values of payables approximate their carrying amounts.

The net fair value of interest bearing liabilities is based on the differential between the actual interest rates of borrowings held and the equivalent market interest rates accessible by TDR at the time of reporting.

Certification of Financial Statements

The accompanying Financial Statements of TDR have been prepared under Section 29B of the *Tasmanian Development Act 1983* and are in agreement with the relevant accounts and records. The Financial Statements have been prepared in compliance with the Treasurer's Instructions issued under the provision of the *Financial Management Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2013 and the financial position as at the end of the year.

At the date of signing we are not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.

Lyn Cox
Chairman

12 August 2013

Mark Kelleher
Chief Executive

12 August 2013

Tasmanian Audit Office

Independent Auditor's Report

To Members of the Parliament of Tasmania

Tasmania Development and Resources

Financial Statements for the Year Ended 30 June 2013

I have audited the accompanying financial statements of Tasmania Development and Resources (the Authority), which comprise the statement of financial position as at 30 June 2013 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Directors of the Authority.

Auditor's Opinion

In my opinion the Authority's financial statements:

(a) present fairly, in all material respects, its financial position as at 30 June 2013 and its financial performance, cash flows and changes in equity for the year then ended; and

(b) are in accordance with the *Tasmanian Development Act 1983* and Australian Accounting Standards.

The Responsibility of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and Section 29B of the *Tasmanian Development Act 1993.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of 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 the assessment of 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 Directors' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

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

Tasmanian Audit Office

H M Blake
Auditor-General

HOBART
30 September 2013

Contact

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