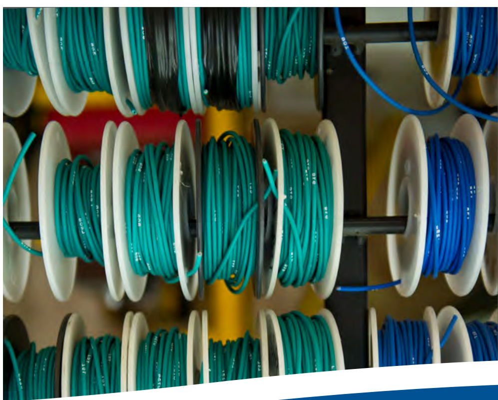
Annual Report
2017-18

Tasmania Development and Resources



Department of State Growth

Tasmanian Government

Contents

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Submission to Minister

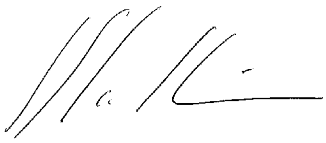
Peter Gutwein

Minister for State Growth

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 2018.

Yours sincerely



Brian Scullin

Chairman
Tasmanian Development Board
October 2018

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.

Further information is provided in the Industry and Business Development portfolio within the Department of State Growth Annual Report 2017-18.

Chairman's foreword

On behalf of the Tasmanian Development Board it is my pleasure to present the 2017-18 Annual Report to the Minister for State Growth.

The 2017-18 financial year has seen the Board continue to provide strong governance and leadership in the decisions that come before the Board and the important role this plays in backing Tasmania's future with a strong economy and local jobs.

As an independent source of advice to Government, the Board has maintained a primary focus on providing strategic advice in regard to key industry and economic growth factors in 2017-18. This furthers the important responsibility of our Charter to help grow the economy to improve the prosperity of all Tasmanians through the targeted provision of financial assistance to businesses and industry and in facilitating and attracting new business and investment to our state.

Throughout 2017-18 the Board's focus areas have included:

» Continuing to use the Board's powers to pursue the government's agenda to drive state growth and employment through increased business investment and activity.

» Continuing to use the Board's capacity to support the government's economic development policies, objectives and priorities, including consideration of new programs.

» Working with the Office of the Coordinator-General to support the attraction of new investment and development to Tasmania.

Sectors of specific focus continue to include agribusiness, tourism, information communication and technology, international education, mining and resources.

2017-18 has been the last full year of the Board's agreed three-year Corporate Plan 2016-18. We are well positioned to refresh our new three-year plan from 2019 to continue to make the decisions and provide the support to help keep our business and industry sectors strong, create more local jobs and enhance the competitive advantages of Tasmania's growing economy.

This year the Board approved 47 grants and loans worth a total of almost $48 million for industry, sector and jobs support, growth or recovery, including five grants worth a total of $18.7 million and 42 loans totalling almost $29.3 million.

At the end of the financial year the Board has under management approved loans worth more than $52 million that support industry or enterprise specific expansion, relocation or advancement projects.

A grant of up to $12 million and a loan of up to $30 million was approved by the Board for Hermal Group's Tasmanian Amalgamated Renewable Timbers to establish the world's first cross laminated timber panel products supply chain based on plantation eucalyptus hardwoods and green energy recovery. The new $190 million 80-hectare cross laminated plantation timber mill and production facility in Hampshire will create around 200 new jobs, and a further 160 jobs during the construction phase.

In September 2017, the Board approved a grant of up to $300 000 over five years to assist with the establishment of Thomas Cook Group's new Thomas Cook Money Australasian headquarters in Hobart by offsetting 50 per cent of the payroll tax payable on these operations. The new headquarters were opened for business by the end of 2017-18 and is expected to inject in excess of $12 million a year into the local economy and create 40 full-time local jobs.

This year a $3.5 million payroll tax relief package was also approved for Dundas Mining for the Avebury nickel-cobalt mine on Tasmania's West Coast which has re-opened, after almost a decade in care and maintenance, and is expected to return to operation by January 2019 creating more than 200 jobs in mining, processing and administration.

Houston's Farm was approved for a grant of up to $700 000 to assist with the expansion and development of the Dodge Farm operation at Forcett, and a loan of up to $1.4 million was approved to leverage an injection of new capital to grow the business enterprise, protect existing jobs and drive regional employment in the Sorell region.

To boost the tourism experience for visitors to Tasmanian a loan of up to $700 000 to Navigators to provide financial assistance to construct a new passenger ferry for the Brooke Street Pier-MONA tourist route.

The new Tourism Accommodation Refurbishment Loan Scheme opened at the start of 2017-18 with up to $20 million available for low-interest loans of up to $1.5 million each for the upgrading and enhancement of hotels and motels to help boost tourist numbers and expenditure across Tasmania to driving growth and create more local jobs across Tasmania. Eleven loans with a total value of almost $5.5 million were approved at the end of the financial year.

This year we continued our oversight and approvals for the ongoing AgriGrowth Loan and Pacific Oyster Mortality Syndrome (POMS) Concessional Loans schemes with a combined value of $25 million.

Under the $20 million AgriGrowth Loan Scheme Tasmanian farm businesses are individually able to borrow up to $1.5 million, on a low-interest basis, to support projects that aim to increase the value of the agriculture and agri-food sectors in Tasmania with six loans totalling almost $6 million approved in 2017-18, taking total approvals to 23 loans totalling almost $12.7 million.

The $5 million Pacific Oyster Mortality Syndrome (POMS) Concessional Loans Scheme to help business recovery activities, that otherwise could not be funded under normal banking arrangements, has received a total of 17 enquiries for finance resulting in six loans totalling $1.5 million approved at the end of 2017-18, and one new loan of $250 000 approved in the financial year.

The Flood Recovery Loan Scheme launched in June 2016 to assist primary producers and small businesses impacted by the June 2016 floods saw four new loans approved in 2017-18 totalling $550 000, taking the total number of approvals to 13 worth almost $2 million to cover working capital, replacement and repair for damage caused to property, and associated improvements and equipment not covered by insurance.

Under the Australian Government's ongoing Farm Business Concessional Loan Scheme for dairy and drought recovery launched in late 2016 to cover up to 50 percent of eligible farm business debt saw 20 loans totalling just over $17 million approved this year, taking the total of approved loans to 34 with a combined value of almost $30 million.

I thank my fellow Board members Brett Torossi, Janelle Allison, Mark Ryan, Naomi Edwards, and Gregory McCann for their insights and expertise and contribution to decisions that range across all sectors of the Tasmanian economy and their unstinting commitment and collegiate approach to supporting the objectives of the Board for the benefit of all Tasmanians.

The Board and I thank Kim Evans, fellow Board member and Chief Executive of Tasmanian Development and Resources, and staff of the Department of State Growth. We continue to benefit from the professionalism, considered counsel and strategic advice and acknowledge this support again in 2017-18.

I also wish to acknowledge the support of the Treasurer and Minister for State Growth, Peter Gutwein, as our Minister for this important portfolio.

I wish to acknowledge the extremely busy year for the Coordinator-General, John Perry, and staff of his office. Their advice and tireless work in attracting business and investment opportunities to Tasmania, has been integral in providing proposals that resulted in grant and loan approvals of almost $50 million to the Board this year.

Coming to the end of our current three-year Corporate Plan 2016-18 Tasmanian Development Board is now focussed on developing a new plan for the coming three years 2019-21 to set a new and fresh mandate to continue encouraging and facilitating local investment, local jobs and local growth.

Brian Scullin
Chairman
Tasmanian Development and Resources Board
28 August 2018

Tasmanian Development Board

1. Brian Scullin (Chairman)
2. Brett Torossi (Director)
3. Greg McCann (Director)
4. Professor Janelle Allison (Director)
5. Naomi Edwards (Director)
6. Mark Ryan (Director)
7. Kim Evans (Chief Executive)

Brian Scullin (Chairman)

Brian's early career was working for the Australian Government. His executive career in superannuation and financial services between 1987 and 2002 saw him appointed inaugural Executive Director of the Association of Superannuation Funds of Australia.

In September 1993 Brian was appointed Vice President, Business Strategy, Bankers Trust Australia Limited and subsequently Executive Vice President, Funds Management. This role involved responsibility for all non-investment functions including legal, compliance, operations, technology, marketing and human resources. From November 1997 Brian was promoted to President, Japan Bankers Trust Company Limited and following a takeover by Deutsche Bank in 1999, Brian was made Regional Head of Asia/Pacific, Deutsche Asset Management.

Brian retired from full time employment in 2002 and since then has held a number of non-executive and industry positions including Chair of Spark Infrastructure and President of the Retirement Benefits Fund in Tasmania.

Currently, he is Chair of OAK Possability, a not-for-profit provider of services in the disability sector, Chair of Propel Funeral Partners, Chair of Hastings Funds Management, Chair of the Macquarie Point Development Corporation and Director of Tasplan Super Fund.

Brett Torossi (Director)

Brett was appointed to the Tasmanian Development Board in 2006 and is founder, owner and managing director of New Ground Network. As a respected property developer and businesswoman, she focuses on creating and developing places that are innovative, sustainable and commercially successful. Her developments in Tasmania are in the tourism, residential and commercial sectors.

Brett has created a dynamic, jewel-box like modular Omnipod that cantilevers off a Hobart office tower. Omnipod is an invention that provides flexible, relocatable, beautiful spaces to inhabit.

Brett's other current projects include long-term, major development project, The Green in Launceston. The Green is an innovative and sustainable development that will be home to around 500 families. It has been planned to create a cohesive, safe, vibrant and inclusive community.

Brett's other appointments include Chair Tasmanian Heritage Council; Director Wallis Watson Capital Ltd; Director Tourism Tasmania; Chair Tourism Tasmania Finance Audit and Risk Committee; Non-singing Director Festival of Voices; Trustee Tasmanian Museum and Art Gallery, Chair Tasmanian Museum and Art Gallery Audit Committee; Director National Board of Creative Partnerships Australia and Director of the International Women's Forum Australia.

Greg McCann (Director)

Greg was appointed to the Tasmanian Development Board in 2016 and has a long-term financial management and technology background. Greg grew up and was educated in Tasmania and after graduating from the University of Tasmania worked in public practice as an accountant in Launceston for 10 years.

Early in his career he joined Deloitte, where he was a partner for 24 years and held a number of senior leadership roles including Managing Partner Papua New Guinea, Managing Partner Queensland, Managing Partner NSW, and Managing Director for Deloitte Consulting/ICS in Australia and several international roles.

In 2004 he founded the Excentor Group of Companies, a Sydney based independent software and professional services provider that employs approximately 2000 people. Greg has extensive corporate financial experience, including as Chairman of ASX and NASDAQ listed companies. He also sat on the board of an eastern seaboard law firm for ten years and is the former chairman of NBN Tasmania Limited.

Greg is a fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Professor Janelle Allison (Director)

Professor Janelle Allison has recently retired as the Principal of University College, University of Tasmania. Janelle's role was to establish an innovative program to deliver contemporary new curriculum, producing the workforce for Tasmania's future industries and while retired, Janelle retains an ongoing interest in and commitment to University College and its mission. Prior to this, Janelle was the Pro Vice-Chancellor Community, Partnerships and Regional Development at the University of Tasmania and the Director of the Cradle Coast Campus and Institute for Regional Development.

Outside her support for University College, Janelle has established a consultancy, Athena Education, offering education and leadership services with a particular focus on transformative strategies in higher education such as disruptive and innovative curriculum and courses designed to reflect and respond to demographic and workforce needs.

Janelle has a particular interest in the areas of participation in higher education and regional economic development and in her current role, advocates for an unwavering focus on producing graduates who are job-ready for industries where there is an employment need. Her strategic and creative thinking has established new ways to approach lifelong learning and, in collaboration with other parts of the University, community, business and industry stakeholders, she has developed a range of new educational initiatives which enable this.

Janelle also sits on the Joint Commonwealth Tasmania Economic Council, and was recently a member of the Caterpillar Transition Taskforce.

Naomi Edwards (Director)

Naomi was appointed to the Board in 2016. She is Chairwoman of Tasplan Super as well as a Director of the Australian Institute of Superannuation Trustees. Tasplan Super is an industry super fund managing over $8 billion of members' retirement savings, including the retirement savings of some 150 000 working Tasmanians.

Naomi has had an extensive career in the financial services industry. In this capacity, she has been involved in investments in Australian and global companies, particularly companies in the renewable energy sector. She is a former chair of Australian Ethical Investments, Australia's oldest ethical investment fund and a former board member of Hunter Hall, a listed global funds management company based in Sydney and London. She also sits on the board of Sydney-based company, Propel Funeral Partners.

Naomi is a former partner of Deloitte, and in her role as a consulting actuary she has worked with large financial services companies in London, Asia, New Zealand and Australia. She was a specialist in the valuation of wealth management companies during mergers and acquisitions, for example, advising NAB on its acquisition of MLC.

Naomi has a first class Honours degree in mathematics, is a Fellow of the Institute of Actuaries (United Kingdom and Australia) and a member of the Australian Institute of Company Directors.

Mark Ryan (Director)

Mark is the Managing Director and Chief Executive Officer of Tassal Group Limited (including Tassal Operations Pty Limited, De Costi Seafoods Pty Limited and Aquatas Pty Limited), a position that he has held since November 2003. Mark holds a Bachelor of Commerce from the University of Tasmania, is a Chartered Accountant, a fellow of Australia Institute of Management and a Member of Australian Institute of Company Directors.

Mark holds Board positions with the Tasmanian Development & Resources Board, Saltas Pty Limited (Industry hatchery), Tasmanian Salmond Growers Association (Industry Association), Millingtons Funeral Services and Cemeteries Pty Limited and Seafood Industry Australia.

Mark has extensive experience in the finance and turnaround management sector, with experience gained through Cox Miller & Robinson (Hobart), Price Waterhouse (Hobart, Melbourne & Toronto – Canada) PriceWaterhouseCoopers (Toronto – Canada & Melbourne), Arthur Andersen (Melbourne) and KordaMentha (Melbourne). Mark was previously a partner with KordaMentha.

Kim Evans (Chief Executive)

Kim has been a Head of Agency in Tasmania for over twenty years and was appointed Secretary of the Department of State Growth in September 2014, where he works closely with the Office of the Coordinator-General and Infrastructure Tasmania.

He has previously represented the Tasmanian Government on several state and national boards and committees including the Tasmanian Institute of Agriculture, the Institute of Marine and Antarctic Studies and Tasmanian Irrigation.

Kim currently sits on the Boards of the Macquarie Point Development Corporation, Tasmanian Leaders, and the Theatre Royal, and is the State Government's representative on the Board of SALTAS, a company established to assist the development of the Tasmanian salmon and trout industry.

He supports growth in Tasmania's visitor economy as a member of the Premier's Visitor Economy Advisory Council, and the T21 Steering committee, and is the state's representative on several national bodies including the Transport and Infrastructure Senior Officials' Committee.

Kim is a graduate of the University of Tasmania where he completed his degree and Honours majoring in Science and is a member of the Australian Institute of Company Directors.

Tasmanian Development and Resources Board meeting attendance

Member	Number of meetings attended
Chairman, Brian Scullin	11
Brett Torossi	11
Kim Evans	11
Naomi Edwards	10
Greg McCann	10
Professor Janelle Allison	9
Mark Ryan	8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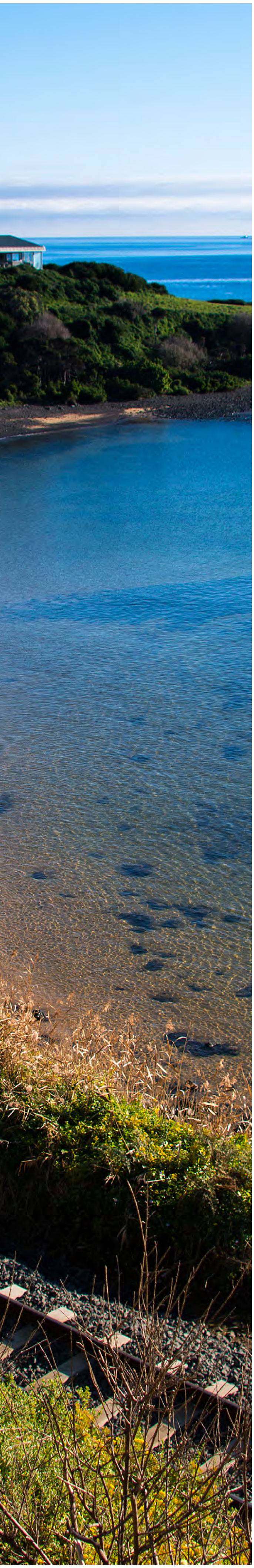


Policy objectives

The *Tasmania Development Act 1983* outlines the policy objectives of Tasmania Development and Resources (TDR), namely:

» the stability of business undertakings in Tasmania

» the maintenance of maximum employment in Tasmania

» the prosperity and welfare of the people of Tasmania.

These objectives reflect the goals and strategies for the economic development activities of the Department of State Growth.

The TDR Corporate Plan represents the focus of the Board and its activities for the three year period 2016-2018. The Plan specifies the strategic direction and focus areas and represents the role of the TDR in achieving the goals outlined in the *Tasmania Development Act 1983*, recognising the important role the Board has in supporting the prosperity and welfare of the people of Tasmania. The Board will soon be preparing the 2019-2021 Plan.

The key focus areas are:

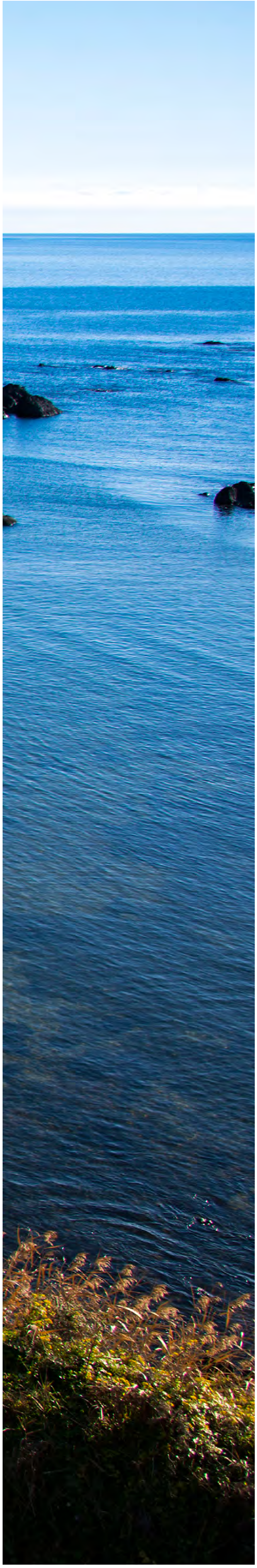
» supporting industry sectors that have the capacity to accelerate growth in the Tasmanian economy and the capacity to both sustain the jobs we have and create new jobs;

» supporting the Coordinator-General in his role to establish, relocate, diversify and expand business in Tasmania through investment attraction, major projects and red tape reduction;

» administration of programs and assessment of applications for financial assistance to support strategic focus areas for growth agreed by the government; and

» provision of advice and an advisory role to government on matters relating to the policy objectives of the TDR and government.

The TDR is committed to the creation of employment in Tasmania to contribute to the Tasmanian Government's goal of closing the gap between the Tasmanian and national average unemployment rate. The TDR and the Department of State Growth pursue a joint objective of working with Tasmanian businesses and industry to support growth and job creation.



Fast facts

A grant of up to $700 000 to assist with the expansion and development of Dodge Farm and a loan of up to $1.4 million to leverage an injection of new capital to grow the business enterprise, protect existing jobs and drive regional employment in the district of Sorell.

A grant of up to $12 million and a loan of up to $30 million to Tasmanian Amalgamated Renewable Timbers (the Hermal Group) to establish the world's first cross laminated timber panel products supply chain based on plantation eucalyptus hardwoods and green energy recovery.

A loan of up to $700 000 to Navigators to provide financial assistance to construct a new passenger ferry for the MONA tourist route.

In 2017-18 there were 42 loans approved totalling $29.292 million:

» six loans totalling $5.901 million were approved under the Tasmanian Government AgriGrowth Loan Program

» four loans totalling $0.550 million approved under the Flood Recovery Loans scheme for primary producers and small business

» one loan totalling $0.25 million approved under the Pacific Oyster Mortality Syndrome Recovery Concessional Loan Scheme

» 20 loans totalling $17.095 million approved under the Australian Government's Farm Business Concessional Loan Scheme for dairy and drought recovery

» 11 loans totalling $5.496 million approved to eligible tourism accommodation businesses operating in Tasmania under the Tourism Accommodation Refurbishment Loan Scheme.

The Office of the Coordinator-General has been responsible for obtaining approval of facilities totalling almost $50 million to support growth, business investment and attraction in Tasmania.

Grants and loans approval for 2017-18

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	47	$47.992 million
Total	**47**	**$47.992 million**

Note: The above summary of grants and loans approval was under-reported in the Annual Report tabled on 18 October 2018 as the total does not include multiple facilities to the one client. The correct figure is 50 approvals with a total value of $79.662 million.

Outstanding loan balances as at 30 June 2018

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	123	$52.242 million
Total	**123**	**$52.242 million**

Certification of Financial Statements

The accompanying Special Purpose Financial Statements of Tasmania Development and Resources (TDR) have been prepared under Section 29B of the *Tasmanian Development Act 1983* and are in agreement with the relevant accounts and records. The Special Purpose 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 2018 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 Special Purpose Financial Statements misleading or inaccurate.

Brett Torossi
Acting Chair, Tasmanian Development Board
13 September 2018

Bob Rutherford
Acting Chief Executive Officer,
Tasmanian Development Board
13 September 2018

Tasmania Development and Resources

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Continuing operations			
Revenue and other income from transactions			
Attributed revenue from Government			
Appropriation revenue – recurrent	1.1	4,930	3,168
Grants	1.2	5,828	625
Interest		990	834
Other revenue	1.3	1,424	1,583
Total revenue and other income from transactions		**13,172**	**6,210**
Expenses from transactions			
Attributed employee benefits	2.1(a)	370	582
Directors fees	2.1(b)	264	273
Depreciation and amortisation	2.2	141	237
Supplies and consumables	2.3	1,592	1,617
Grants and subsidies	2.4	9,614	2,868
Finance costs	2.5	1,075	1,074
Other expenses		6	9
Total expenses from transactions		**13,062**	**6,660**
Net result from transactions (net operating balance)		**110**	**(450)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	3.1	(504)	...
Net gain/(loss) on financial instruments and statutory receivables/payables	3.2	...	2
Total other economic flows included in net result		**(504)**	**2**
Net result from continuing operations		***(394)***	***(448)***
Net result		**(394)**	**(448)**
Comprehensive result		**(394)**	**(448)**

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 2018

	Notes	2018 $'000	2017 $'000
Assets			
Financial assets			
Cash and deposits	7.1	36,534	47,202
Receivables		124	127
Loan advances	4.1	52,172	35,197
Non-financial assets			
Property, plant and equipment	4.2	10,397	11,240
Total assets		**99,227**	**93,766**
Liabilities			
Payables		378	385
Interest bearing liabilities	5.1	67,072	61,222
Attributed employee benefits		58	47
Other liabilities		57	56
Total liabilities		**67,565**	**61,710**
Net assets		**31,662**	**32,056**
Equity			
Accumulated funds		31,662	32,056
Total equity		**31,662**	**32,056**

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 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Attributed Appropriation receipts – recurrent		4,930	3,168
Grants		5,828	625
Net GST		4	(4)
Interest received		928	745
Other cash receipts		1,456	1,638
Total cash inflows		**13,146**	**6,172**
Cash outflows			
Attributed employee benefits		(363)	(559)
Directors fees		(261)	(273)
Grants and subsidies		(9,614)	(2,873)
Interest payments		(1,077)	(1,077)
Supplies and consumables		(1,593)	(1,684)
Other cash payments		(6)	(9)
Total cash outflows		**(12,914)**	**(6,475)**
Net cash from (used by) operating activities	7.2	**232**	**(303)**
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets		355	440
Repayment of loans by other entities		10,547	7,608
Total cash inflows		**10,902**	**8,048**
Cash outflows			
Loans made to other entities		(27,494)	(11,772)
Payments for acquisition of non-financial assets		(158)	(344)
Total cash outflows		**(27,652)**	**(12,116)**
Net cash from (used by) investing activities		**(16,750)**	**(4,068)**
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		10,140	25,000
Monies held in trust movement		...	50
Total cash inflows		**10,140**	**25,050**
Cash outflows			
Repayment of borrowings		(4,290)	(18,530)
Total cash outflows		**(4,290)**	**(18,530)**
Net cash from (used by) financing activities		**5,850**	**6,520**
Net increase (decrease) in cash held and cash equivalents		**(10,668)**	**2,149**
Cash and deposits at the beginning of the reporting period		**47,202**	**45,053**
Cash and deposits at the end of the reporting period	7.1	**36,534**	**47,202**

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 2018

	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2017	**32,056**	**32,056**
Total comprehensive result	(394)	(394)
Balance as at 30 June 2018	**31,662**	**31,662**

	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2016	**32,504**	**32,504**
Total comprehensive result	**(448)**	**(448)**
Balance as at 30 June 2017	**32,056**	**32,056**

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

Note 1 Income from Transactions

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

1.1 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 of State Growth (the Department). Except for any amounts identified as carried forward in Notes 1.1, control arises in the period of appropriation.

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

	2018 $'000	2017 $'000
Continuing operations		
Attributed Appropriation revenue – recurrent		
Current year	4,930	3,168
Total attributed revenue from Government	**4,930**	**3,168**

1.2 Grants

Grants payable by the Australian and Tasmanian Governments 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.

	2018 $'000	2017 $'000
Continuing operations		
Grants from the Tasmanian Government	5,578	...
Grants from the Australian Government	250	625
Total revenue from grants	**5,828**	**625**

1.3 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 properties and are recognised as revenue in the period in which TDR gains control of the funds.

	2018 $'000	2017 $'000
Property rental	1,118	1,162
Property other revenue	276	316
Other	30	105
Total	**1,424**	**1,583**

Note 2 Expenses from Transactions

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

2.1 Attributed employee benefits

The activities of TDR are delivered by staff employed by the Department of State Growth. TDR does not employ staff in its own right. 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.

(a) Attributed employee expenses

	2018 $'000	2017 $'000
Wages and salaries	291	498
Annual leave	25	18
Long service leave	10	13
Sick leave	3	8
Superannuation	41	63
Other employee expenses	...	3
Total	**370**	**582**

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on a department contribution rate determined by the Treasurer, on the advice of the State Actuary. The current department contribution is 12.95 per cent (2017: 12.85 per cent) of salary.

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

(b) Remuneration of key management personnel

2018	Short-term benefits		Long-term benefits			
	Salary $'000	Other Benefits $'000	Super-annuation $'000	Other Benefits & Long-Service Leave $'000	Termination Benefits $'000	Total $'000
Board Members						
Brian Scullin, Chairman	58	...	6	...	...	64
Mark Ryan, Director	36	...	3	...	...	39
Brett Torossi, Director	32	...	3	...	...	35
Naomi Edwards, Director	36	...	3	...	...	39
Gregory McCann, Director	41	...	4	...	...	45
Janelle Allison, Director	41	...	1	...	...	42
Total	**244**	**...**	**20**	**...**	**...**	**264**

2017	Short-term benefits Salary $'000	Other Benefits $'000	Long-term benefits Super-annuation $'000	Other Benefits & Long-Service Leave $'000	Termination Benefits $'000	Total $'000
Board Members						
Brian Scullin, Chairman	52	...	5	...	...	57
Mark Ryan, Director	36	...	3	...	...	39
Brett Torossi, Director	29	...	3	...	...	32
Narelle Hooper, Director (to 28/2/2017)	19	...	2	...	...	21
Naomi Edwards, Director	36	...	3	...	...	39
Gregory Woolley, Director (to 31/1/2017)	17	...	2	...	...	19
Gregory McCann, Director	36	...	3	...	...	39
Janelle Allison, Director	27	...	...	...	...	27
Total	**252**	**...**	**21**	**...**	**...**	**273**

The Chief Executive of the TDR, Kim Evans, receives no remuneration for this role. Kim Evans' remuneration is for his role as Secretary of the Department of State Growth and is disclosed in the Department's Financial Statements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of TDR, directly or indirectly. Attributed employees do not have key management responsibilities.

Remuneration during 2017-18 for key personnel is set by the *Tasmanian Development Act 1983*. Remuneration and other terms of employment are specified in employment contracts. Short-term benefits include motor vehicle and car parking fringe benefits in addition to annual leave and any other short term benefits. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis. Long term employee expenses include long service leave, superannuation obligations and termination payments.

(c) Related party transactions

The Department of State Growth provides ongoing administrative support to TDR. Kim Evans, in addition to his role as a member of TDR's key management personnel, is the Secretary and the accountable authority of the Department. The Department charges TDR an annual amount to support administrative costs, disclosed in Note 2.3. The employment of TDR staff by the Department is disclosed in Note 2.1 (a).

There are no other material related party transactions requiring disclosure.

2.2 Depreciation and amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated. 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	3-25 years
Buildings	20-80 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	1-5 years

(a) Depreciation

	2018 $'000	2017 $'000
Plant and equipment	25	25
Buildings	89	84
Total	**114**	**109**

(b) Amortisation

	2018 $'000	2017 $'000
Leasehold improvements	27	128
Total	**27**	**128**
Total depreciation and amortisation	**141**	**237**

2.3 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.

	2018 $'000	2017 $'000
Audit fees – financial audit	31	25
Audit fees – internal audit	...	10
Consultants and contracted services	22	32
Property services	531	550
Maintenance	290	312
Communications	3	4
Information technology	24	(13)
Travel and transport	17	16
Advertising and promotion	...	1
Administrative support charge	594	594
Other supplies and consumables	80	86
Total	**1,592**	**1,617**

2.4 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; or

» the grant eligibility criteria have been satisfied.

Grants and subsidies approved by the TDR Board that are predominantly funded by appropriation are included in the reported balances.

	2018 $'000	2017 $'000
Biomar	2,300	...
Business & Jobs Attraction and Population Growth Initiative (Ridley)	...	1,000
Castings Tasmania Pty Ltd	370	...
Copper Mines of Tasmania	5,578	...
Houston's Farm Assistance Package	700	...
Qantas industry assistance package	...	747
Serco Contact Centre industry support package	...	222
UXC Enterprise Development Centre	648	470
Vineyard and orchard expansion project	58	69
Vodafone	(40)	360
Total	**9,614**	**2,868**

TDR Grants are generally funded by appropriation from the consolidated fund and by grants from Tasmanian government, which is reflected in the attributed revenue from government and grants revenue in the Statement of Comprehensive income.

2.5 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; and

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

	2018 $'000	2017 $'000
Interest expense		
Interest on loans	1,075	1,074
Total	**1,075**	**1,074**

Note 3 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.

3.1 Net gain/(loss) on 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.

All impairment losses are recognised in 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.

	2018 $'000	2017 $'000
Net loss on disposal of Leasehold Improvements on vacation of 22 Elizabeth Street Hobart premises	(504)	...
Total net gain/(loss) on non-financial assets	**(504)**	**...**

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

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 and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

	2018 $'000	2017 $'000
Impairment reversals/(losses) for:		
Loans advances	67	160
Equity investments	...	...
Statutory receivables	22	2
Loan advances written off during the year	(67)	(160)
Receivables written off during the year	(22)	...
Total net gain/(loss) on financial instruments	**...**	**2**

Note 4 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.

4.1 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.

	2018 $'000	2017 $'000
Renewable Energy Loan Scheme	104	420
Section 35 Loans Administered by TDR	5,234	10,567
Tasmanian Development Act 1983	2,522	2,046
Fire Damage Relief Act 1967	19	19
Bushfire Recovery Loan Program	...	204
Farm Finance Loan Scheme	10,922	11,181
Agrigrowth Loan Program	8,628	5,130
Drought Relief Loans	304	304
Pacific Oyster Mortality Syndrome	1,504	1,254
Drought Dairy Recovery Concessional Program & Drought Recovery – Non Debt	2,108	2,997
Flood Recovery Rural	1,093	785
Flood Relief - Small Business	200	121
Farm Business Concessional Loan scheme - Dairy Recovery & Drought Assistance	17,435	536
Tourism Accommodation Refurbishment Loan Scheme	651	...
Farm Business Concessional Loan scheme - Dairy Recovery July 2017 & Drought Assistance July 2017	1,748	...
Less: Provision for impairment	(300)	(367)
Total	**52,172**	**35,197**
Settled within 12 months	4,925	10,736
Settled in more than 12 months	47,247	24,461
Total	**52,172**	**35,197**

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	2018 $'000	2017 $'000
Carrying amount at 1 July	**367**	**527**
Increase/(decrease) in provision recognised in net result	(67)	(160)
Carrying amount at 30 June	**300**	**367**

Provisions for impairment only apply to loans under the control of TDR.

Tasmanian Development Act 1983 loan advance impaired in previous years relate to J & A Gretschmann ($300,000).

Loan advances written off related to a Section 35 Loans Administered by TDR to Vision 35 Pty Ltd ($67,420).

4.2 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 for all assets. 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. Land and buildings, other than Rural Properties, measured at fair value are revalued every five years.

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

(a) Carrying amount

	2018 $'000	2017 $'000
Land		
Properties - at fair value (30 June 2017)	3,315	3,315
Rural properties - at fair value (30 June 2018)	1,422	1,777
Total	4,737	5,092
Buildings		
At fair value (30 June 2017)	5,778	5,620
Less: Accumulated depreciation	(173)	(84)
Total	5,605	5,536
Leasehold improvements		
At cost	63	2,018
Less: Accumulated amortisation	(33)	(1,456)
Total	30	562
Plant and equipment		
At cost	436	436
Less: Accumulated depreciation	(411)	(386)
Total	25	50
Total property, plant and equipment	**10,397**	**11,240**

Land and buildings

Land and buildings revaluations were undertaken by the Valuer-General as at 30 June 2017. Direct comparison and the income approach are the primary valuation methods. Direct comparison is limited due to a lack of directly comparable sales and the uniqueness of this property in terms of its secondary location and restricted zoning. However a value range has been formed with consideration of recent sales around the valuation range. Fair Value of vacant land has been assessed by direct comparison having regard to comparable vacant land parcels which have sold with appropriate adjustment for the circumstances of sale and characteristics of the land.

(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.

30 June 2018	Land Level 2 (land and vacant land in active markets) $'000	Buildings Level 2 (general office buildings) $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Carrying value at 1 July	**5,092**	**5,536**	**50**	**562**	**11,240**
Additions	...	158	...	...	158
Disposals	(355)	...	...	(505)	(860)
Depreciation and amortisation	...	(89)	(25)	(27)	(141)
Carrying value at 30 June	**4,737**	**5,605**	**25**	**30**	**10,397**

30 June 2017	Land Level 2 (land and vacant land in active markets) $'000	Buildings Level 2 (general office buildings) $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Carrying value at 1 July	**5,531**	**5,350**	**...**	**690**	**11,571**
Additions	...	270	75	...	345
Disposals	(439)	...	...	...	(439)
Depreciation and amortisation	...	(84)	(25)	(128)	(237)
Carrying value at 30 June	**5,092**	**5,536**	**50**	**562**	**11,240**

Note 5 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.

5.1 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.

(a) Carrying amount

	2018 $'000	2017 $'000
Loans from the State Government	4,230	4,700
Loans from the Australian Government	47,842	41,522
Loans from Tascorp	15,000	15,000
Total	**67,072**	**61,222**

(b) Maturity schedule

	2018 $'000	2017 $'000
One year or less	470	470
From one to five years	66,602	60,752
Total	**67,072**	**61,222**

During 2017-18 TDR repaid $0.38 million of the borrowing with the Australian Government relating to unused Farm Finance Loan Scheme funds, $2.94 million relating to Dairy Recovery & Drought Assistance and $0.36 million relating to the Drought Relief Loan. In addition $10 million was received from the Australian Government relating to the Farm Business Concessional Loan scheme - Dairy Recovery July 2017 & Drought Assistance July 2017.

Note 6 Commitments and Contingencies

6.1 Schedule of commitments

	2018 $'000	2017 $'000
By type		
Lease Commitments		
Operating leases	3	8
Total lease commitments	**3**	**8**
Other commitments		
Loan commitments	49,459	18,017
Grant / Project commitments	27,119	16,910
Total other commitments	**76,578**	**34,927**
Total	**76,581**	**34,935**
By maturity		
Operating lease commitments		
One year or less	3	5
From one to five years	...	3
More than five years	...	...
Total operating lease commitments	**3**	**8**
By maturity		
Other commitments		
One year or less	55,014	29,682
From one to five years	18,564	5,190
More than five years	3,000	55
Total other commitments	**76,578**	**34,927**
Total	**76,581**	**34,935**

Operating leases are associated with rental costs for motor vehicles leased through the government's fleet manager.

Loan commitments are loans approved but not drawn down by clients as at 30 June 2018.

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 2018 has been included in these cases.

6.2 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.

	2018 $'000	2017 $'000
Quantifiable contingent liabilities		
During 2016-17 the Government provided a guarantee for up to a maximum of $10 million to the Commonwealth Bank of Australia (CBA) to cover a performance guarantee in relation to the construction contract between Incat and the New South Wales Government for the supply of six new ferries for Sydney Harbour commuter services.	...	10,000
Tasmanian Development and Resources (TDR) has committed to a $12.0 million State guarantee for the ANZ Bank funding associated with the client's construction of the Silo Hotel complex at the North Bank Precinct in Launceston. This may extend to 31 December 2018	11,574	12,000
In late 2015 and following a recommendation from the TDR Board, the Minister for State Growth and Treasurer jointly approved the provision of a $25 million financial assistance package to Copper Mines of Tasmania (CMT) to support a possible reopening of the Mt Lyell Copper Mine. The assistance package was approved in the form of a grant to reimburse CMT for payroll tax and mineral royalties paid over a seven-year period, contingent on the mine reopening.	25,000	...
Total quantifiable contingent liabilities	**36,574**	**22,000**

Note 7 Cash Flow Reconciliation

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, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

7.1 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 agency arrangement.

	2018 $'000	2017 $'000
Special Deposits and Trust Fund balance		
T524 State Growth Operating Account	35,131	46,064
T790 Government Guarantees Reserve Account	1,398	1,134
T941 Fire Relief Account	3	2
Total	**36,532**	**47,200**
Other cash held		
Petty cash float	2	2
Total	**2**	**2**
Total cash and deposits	**36,534**	**47,202**
Restricted use cash and deposits	15,574	28,408
Unrestricted use cash and deposits	20,960	18,794
Total cash and deposits	**36,534**	**47,202**

Restricted use cash and deposit funds are for specific loan program purposes as designated by the Commonwealth funding bodies.

7.2 Reconciliation of net result to net cash from operating activities

	2018 $'000	2017 $'000
Net result from transactions (net operating balance)	**110**	**(450)**
Depreciation and amortisation	141	237
Interest	40	88
Impairment adjustments	(67)	(160)
Decrease (increase) in Receivables	3	(22)
Increase (decrease) in Attributed employee benefits	11	(21)
Increase (decrease) in Payables	(7)	77
Increase (decrease) in Other liabilities	1	(52)
Net cash from (used by) operating activities	**232**	**(303)**

7.3 Reconciliation of liabilities arising from financing activities

2018	Borrowings $'000
Balance as at 1 July 2017	**61,222**
Changes from financing cash flows:	
Cash Received	10,140
Cash Repayments	(4,290)
Balance as at 30 June 2018	**67,072**

Note 8 Financial Instruments

8.1 Risk exposures

(a) Risk management policies

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

» credit risk;

» liquidity risk; and

» market risk.

The Board has overall responsibility for the establishment and oversight of the 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.

As at 30 June 2018 TDR is materially exposed to Norske Skog Paper Mills Australia Pty Ltd (4%), however the company repaid their loan in full during July 2018. Concentration of credit risk by industry on loan advances is: Paper (4%), Rural (81%).

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		
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 2018 but not impaired	Not past due $'000	Past due >30 days $'000	Past due >60 days $'000	Past due >90 days $'000	Total $'000
Receivables	81	40	1	...	**122**
Loan advances	52,455	3	3	11	**52,472**

Analysis of financial assets that are past due at 30 June 2017 but not impaired	Not past due $'000	Past due >30 days $'000	Past due >60 days $'000	Past due >90 days $'000	Total $'000
Receivables	87	4	4	47	**142**
Loan advances	35,540	5	3	17	**35,564**

(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		
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:

30 June 2018	Maturity analysis for financial liabilitiess							
	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	378	...	...	...	...	...	378	378
Interest bearing liabilities	470	15,000	11,243	303	...	40,056	67,072	67,072
Total	**848**	**15,000**	**11,243**	**303**	**...**	**40,056**	**67,450**	**67,450**

30 June 2017	Maturity analysis for financial liabilitiess							
	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	385	...	...	...	...	...	385	385
Interest bearing liabilities	470	...	...	...	...	60,752	61,222	61,222
Total	**855**	**...**	**...**	**...**	**...**	**60,752**	**61,607**	**61,607**

(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:

	2018 $'000	2017 $'000
Fixed rate instruments		
Financial assets	...	...
Financial liabilities	(15,000)	(15,000)
Total	**(15,000)**	**(15,000)**
Variable rate instruments		
Financial assets	52,472	59,967
Financial liabilities	...	...
Total	**52,472**	**59,967**

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 2018				
Cash and deposits	...	...	...	...
Loan advances	525	(525)	...	...
Net sensitivity	**525**	**(525)**	**...**	**...**
30 June 2017				
Cash and deposits	248	(248)	...	...
Loan advances	352	(352)	...	...
Net sensitivity	**600**	**(600)**	**...**	**...**

This analysis assumes all other variables remain constant. The analysis was performed on the same basis as at 30 June 2017.

8.2 Categories of financial assets and liabilities

	2018 $'000	2017 $'000
Financial assets		
Cash and deposits	36,534	47,202
Loans and receivables	52,294	35,316
Total	**88,828**	**82,518**
Financial liabilities		
Financial liabilities measured at amortised cost	(67,450)	(61,606)
Total	**(67,450)**	**(61,606)**

Note 9 Events Occurring After Balance Date

The Federal Government has committed to provide a further $7.0 million in the form of an additional borrowing to the State for the second stage of the Farm Business Concessional Loan Scheme. This loan is expected to be forwarded to TDR in early 2018-19.

In early September 2018 TDR repaid a $15 million Tascorp private borrowing from cash reserves.

Note 10 Other Significant Accounting Policies and Judgements

10.1 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 that will best contribute to:

- » The stability of business undertakings in Tasmania
- » The maintenance of maximum employment in Tasmania and
- » The prosperity and welfare of the people of Tasmania.

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

TDR current Corporate Plan key focus areas are:

- » Industry sectors that have the Industry sectors that have the capacity to accelerate growth in the Tasmanian economy and the capacity to both sustain the jobs we have and create new jobs.
- » Supporting the Coordinator-General in his role to establish, relocate, diversify and expand business in Tasmania through investment attraction, major projects and red tape reduction.
- » Administration of Programs and assessment of applications for financial assistance to support strategic focus areas for Growth agreed by the Government.
- » Provision of advice and advisory role to government on matters relating to the policy objectives of the TDR and government.

TDR forms part of the Department of State Growth. The activities of TDR are predominantly funded through Parliamentary appropriations.

The Special Purpose 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* (FMAA).

10.2 Basis of Accounting

As there are no users dependent on a General Purpose Financial Statement, the Financial Statements are therefore Special Purpose Financial Statements that have been prepared in order to meet the financial reporting obligations of TDR.

This Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flow*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1004 *Contributions*, AASB 1048 *Interpretation and Application of Standards*, AASB 1054 *Australian Additional Disclosures*, AASB 7 *Financial Instruments: Disclosures*, AASB 13 *Fair Value Measurement*, AASB 116 *Property Plant and Equipment* and AASB 124 *Related Party Disclosure*.

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

The Special Purpose 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. Attributed revenue and expenses are allocated on a basis determined by the Department of State Growth.

10.3 Reporting Entity

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

10.4 Functional and Presentation Currency

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

10.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

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

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

» 2016-4 *Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* - The objective of this Standard is to amend AASB 136 *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*, and AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138. This Standard applies to annual reporting periods beginning on or after 1 January 2017. The impact is enhanced disclosure in relation to non-cash-generating specialised assets of not-for-profit entities. 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* and 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014) - the objective of these Standards is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. The main impacts of these standards are that they will change the requirements for the classification, measurement, impairment and disclosures associated with TDR's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

» AASB 15 *Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with 2016-7 *Amendments to Australian Accounting Standards - Effective Date of AAS 15*, for not for profit entities this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. TDR has determined that the potential effect of the revised Standard will not be material.

» 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2019. This Standard shall be applied when AASB 15 is applied. TDR has not yet determined the potential effect of the revised Standard on the Financial Statements.

» 2016-3 *Amendments to Australian Accounting Standards - Clarifications to AASB 15* - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods beginning on or after 1 January 2018. The impact is enhanced disclosure in relation to revenue. The potential financial impact of the Standard has not yet been determined.

- AASB 16 *Leases* – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The standard will result in most of TDR's operating leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and required lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. There are limited exceptions relating to low-value assets and short-term leases with a term at commencement of less than 12 months. Operating lease costs will no longer be shown. The Statement of Comprehensive Income impact of the leases will be through amortisation and interest charges. TDR's current operating lease costs is shown at note 2.3. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities. Further information on TDR's current operating lease position can be found at notes 6.1. There is no financial impact for TDR.
- AASB 1058 *Income of Not-for-Profit Entities* - The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less that fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not-for-profit entities. The potential financial impact of the Standard has not yet been determined.

  AASB 1059 *Service Concession Arrangements: Grantors* – The objective of this Standard is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. This AASB Standard applies on or after 1 January 2019. The impact of this standard is enhanced disclosure in relation to service concession arrangements for grantors that are public sector entities. There is no financial impact.

10.6 Foreign Currency

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

10.7 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than $500 are rounded to zero and are indicated by the symbol "...".

10.8 Taxation

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

10.9 Goods and Services Tax

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

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

Tasmanian Audit Office

Independent Auditor's Report

To Members of the Parliament

Report on the Audit of the Special Purpose Financial Report

Opinion

I have audited the accompanying financial report, being a special purpose financial report of Tasmania Development and Resources (the Authority), which comprises the statement of financial position as at 30 June 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information and the statement of certification by the directors.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Section 29B of the *Tasmanian Development Act 1983.*

Basis for Opinion

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

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 10.2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Authority to meet the financial reporting requirements of the *Tasmanian Development Act 1983*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Tasmanian Development Act 1983* and for such internal control as they determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Authority's ability to

continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Rod Whitehead
Auditor-General

Tasmanian Audit Office

21 September 2018
Hobart

Tasmanian Government

Tasmania Development and Resources

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