

Tasmania Development and Resources

Annual Report **2015-16**



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Tasmania Development and Resources
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Submission to Minister



Matthew Groom

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 2016.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Scullin', with a long horizontal stroke extending to the right.

Brian Scullin

Chairman
Tasmanian Development Board
October 2016

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 2015-16.

Chairman's foreword



On behalf of the Tasmanian Development Board it is my pleasure to present the 2015-16 Annual Report to the Minister for State Growth. The 2015-16 year for the Tasmanian Development Board has been a year of renewal and refocus on the important role that the Board plays in growing the state's economy. Supporting the government's agenda for driving state growth and employment through increased business investment and activity is a key focus area for the Board.

This year has seen the Board's areas of focus include:

- » driving state economic and jobs growth through increased business investment and activity;
- » supporting the government's economic development policies, objectives and priorities, including ongoing consideration of programs as part of the government's AgriVision 2050 Strategy; and
- » working closely with the Office of the Coordinator-General to support his role in attracting new investment and development to Tasmania.

This has translated into a number of key decisions to support these focus areas. In the quarter ending December 2015, a supporting grant of up to \$2 million was approved to Southern Waste Solutions to assist with the construction of a C Cell waste facility at Copping. This is an important contribution to the sustainable economic development of the state as currently Tasmania is the only state in Australia without such a facility.

In recognition of the importance of the defence manufacturing capability in the state, the Board entered an agreement to sell vacant land at the Hobart Technopark to One Atmosphere Pty Ltd to support One Atmosphere's relocation to Tasmania from Western Australia.

The relocation will deliver significant benefits to the state, increasing Tasmania's defence manufacturing capability in line with the Tasmanian Government's Our Fair Share of Defence Strategy.

With primary industries as one of Tasmania's greatest competitive strengths, the Board also administers a number of programs in this area.

- » The Australian Government's Farm Finance Concessional Loan Scheme. In 2015-16 eight loans totalling \$4,736,500 were approved. The scheme is targeted at eligible farm businesses experiencing debt-servicing difficulties, but which are considered potentially viable in the longer term.
- » The Tasmanian Government AgriGrowth Loan Program was also launched in August 2015. The program provides low interest loans to Tasmanian farm businesses and agri-food businesses to drive an increase in the value of the agriculture and agri-food sectors in the state. This loan scheme assists in unlocking a wealth of potential in farming and supports the government's vision for agriculture and growth in the Tasmanian economy.
- » The Pacific Oyster Mortality Syndrome (POMS) Recovery Concessional Loan Scheme was announced in April 2016, an initiative of the Tasmanian Government to provide low interest loans to oyster growers, nurseries and hatcheries affected by POMS. The loan scheme provides a loan pool of up to \$5 million and provides concessional interest rate loans ranging from \$30 000 to \$250 000.

Chief Executive's message

- » Support for Tasmanian businesses impacted by drought conditions and flood recovery has also been a focus of activity for the Board this past year.
- » The Australian Government's Drought Concessional Loan Scheme was launched in January this year. The scheme provides low interest loans to drought-affected farm businesses. \$10 million has been provided to Tasmania for the provision of drought concessional loans during 2015-16.
- » Two new loan schemes to assist those recovering from the drought and those impacted by the reduction in milk prices were announced in June 2016. The Drought Recovery and Dairy Recovery Concessional Loan Schemes are an initiative of the Tasmanian and Federal Governments. Both schemes allow eligible farmers to borrow up to 50 per cent of eligible farm business debt, up to \$1 million, over a maximum of 10 years. This is in addition to the \$10 million Drought Concessional Loan Scheme.
- » The Flood Recovery Loan Scheme, an initiative of the Tasmanian Government, opened for applications in late June 2016 to assist primary producers and small businesses directly affected by the June 2016 floods. The loan scheme will provide loans ranging from a minimum of \$25 000 to a maximum of \$200 000 for eligible businesses located in areas affected by the floods.

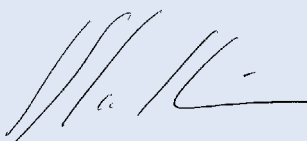
This role in the administration of key programs to support and drive aspects of the Tasmanian economy will continue in the coming year as a key focus area for the Board.

In closing, I wish to particularly acknowledge outgoing Directors, Darren Alexander and James Walch, who left in January 2016 having served on the Board for over three and a half years. Their contribution and expertise in the industry sectors of ICT and agriculture has been particularly valuable to the Board's activities and focus during their terms.

I am also pleased to acknowledge the appointments of three new members to the Board in February, Ms Naomi Edwards, Mr Greg McCann and Mr Greg Woolley.

I wish to acknowledge the Minister for State Growth, Matthew Groom MP and my fellow Board Directors for their tireless work and invaluable contributions during the year. I thank Kim Evans, the Chief Executive, Tasmanian Development and Resources and the Department of State Growth staff for their support and commitment to delivering quality results and for their advice and support to the Board.

The Tasmanian Development Board is well positioned to continue to contribute to jobs and growth in this state and I look forward to the coming year of activity and challenge in supporting the growth of the Tasmanian economy.



Brian Scullin
Chairman
Tasmanian Development and Resources Board

1 July 2016

This year has seen continued work by the Department of State Growth to create jobs and opportunities by driving economic and artistic growth in Tasmania. The department has focused on delivering outcomes for our Ministers and the Tasmanian community, and on the government's commitments through the 365 Day Plan and Agenda 2016.

Significant work has been done in the areas of industry support, job creation, growing the visitor economy, building Tasmania's brand and culture, and managing our infrastructure and transport systems.

State Growth has also responded to unforeseen circumstances that have impacted Tasmania such as the discovery of Pacific Oyster Mortality Syndrome in the state and the devastating floods of June 2016.

The Tasmanian Development and Resources Board has supported these aims and has worked closely with the department over the past 12 months.

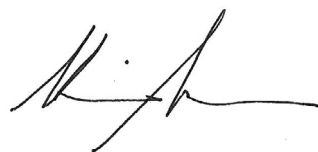
The Board provides advice on the department's industry-related activities, with a focus on the creation of investment and associated employment, by implementing the Tasmanian Government's economic and social strategies.

The Board's specific areas of responsibility are established by the *Tasmanian Development Act 1983* and include governing the legal entity, Tasmania Development and Resources.

As Chief Executive of the Tasmanian Development and Resources Board, I would like to acknowledge the support of the Minister for State Growth, the Chair and Directors of the Board and the staff that support us for their individual and collective contributions during the year.

I would particularly like to acknowledge the contributions of outgoing Directors Darren Alexander and James Walch and welcome the appointments of Ms Naomi Edwards, Mr Greg McCann and Mr Greg Woolley.

Lastly I would like to thank Brian Scullin for his leadership as Chairman of the Tasmanian Development and Resources Board and I look forward with confidence to the year ahead.



Kim Evans
Chief Executive
Tasmania Development and Resources Board

1 July 2016

Tasmanian Development Board



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

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 fulltime 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 a Director of OAK Possability, a not-for-profit provider of services in the disability sector; Chair of FuneralVest, Chair of Hastings Funds Management and a Director of Tasplan Super Fund.

Professor Janelle Allison (Director)

Professor Janelle Allison was appointed to the Board in 2012. She is the principal of the newly established Associate Degree Division of the University of Tasmania, leading an innovative program to deliver a contemporary new curriculum, producing the workforce for Tasmania's future industries.

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. Before coming to the University of Tasmania, Janelle was the Director of the Centre for Rural and Regional Innovation Queensland (CRRI-Q) at the University of Queensland's Gatton campus.

Janelle has a particular interest in the areas of participation 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 and 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, chaired by the Prime Minister; the Hon Malcolm Turnbull MP, 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. Following its planned merger with RBF in March 2017, Tasplan Super will be an industry super fund managing nearly \$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 FuneralVest.

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.

Kim Evans (Chief Executive)

Kim was appointed Secretary of the Department of State Growth in September 2014.

With a broad range of responsibilities, State Growth supports job creation and cultural and economic growth in Tasmania and works closely with the Office of the Coordinator-General and Infrastructure Tasmania.

Kim has been a Head of Agency in Tasmania for nearly twenty years, and until his current role, held the position of Secretary of the Tasmanian Department of Primary Industries, Parks, Water and Environment.

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

Kim currently sits on the Tasmanian Leaders Board and the Theatre Royal Management Board, 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.

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

Narelle Hooper (Director)

An adviser, director and author, Narelle joined the Tasmanian Development Board in 2014.

She is acting Executive Director of SBE Australia, which runs the Springboard accelerator program for women-led global businesses; a director of The Ethics Centre and Documentary Australia Foundation. Her professional focus is on how firms innovate and adapt for the New Economy.

Narelle has held senior roles with some of Australia's leading media group including the Australian Financial Review, the ABC and SBS TV. She is a former editor of the Financial's Review's highly-regarded BOSS Magazine and founding co-chair of Fairfax Media's Australian Financial Review -Westpac Women of Influence Awards. Based in Sydney, Narelle has advised organisations including the Business Council of Australia, the Property Council of Australia and South Australian Government.

After growing up in central western NSW where her family ran a dairy farm and the local pub, Narelle studied journalism at Canberra University. She has a Masters of Management (Financial Management) from MGSM and is co-author of *New Women, New Men, New Economy* (Federation Press, 2015) which shows inclusive companies, countries and communities do better and innovate more.

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 over 500 people. Greg has extensive corporate financial experience, including as Chairman of ASX and NASDAQ listed companies. He also sits on the board of an eastern seaboard law firm 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.

Mark Ryan (Director)

Mark is the Managing Director and Chief Executive Officer of Tassal Group Limited, a position 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 Board, Salmon Enterprises of Tasmania Pty Ltd (Industry hatchery), Chairman of Juicy Isle Pty Limited and Chairman of the Macquarie Point Development Corporation.

Mark has extensive experience in the finance and turnaround management sector, with experience gained through Price Waterhouse Coopers, Arthur Andersen (and KordaMentha). Mark was previously a partner with KordaMentha.

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 accommodation experience, Avalon Retreats, is a collection of boutique tourism developments in Hobart and on Tasmania's east coast.

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; and Director National Board of Creative Partnerships Australia.

Greg Woolley (Director)

Greg is the Executive Chairman of Woolley Holdings Pty Ltd, a private finance and investment company.

Greg attended the Hutchins School in Hobart from 1977-91 and the University of Tasmania from 1992-96. Greg holds a Bachelor of Commerce degree and a Bachelor of Law degree, with Honours.

From 1997 until 2000, Greg practiced Corporate Advisory and Mergers and Acquisitions with Macquarie Bank's Corporate Finance Group in Melbourne. While at Macquarie, he specialised in public and private acquisitions and equity and debt capital markets.

From 2000-10, Greg was the Chief Executive Officer and a Director of the LJCB Investment Group. LJCB is one of Australia's most significant international, private investment houses. It is the holding company of the Liberman family, and has interests in Australia, Europe, the United States and Israel, across sectors including petroleum, manufacturing, property, technology and financial services.

In partnership with LJCB, Greg was the Founder of Global Aviation Asset Management, one of the world's largest owners of commercial aircraft, with assets of approximately \$3 billion. He served as its Executive Chairman from its inception until its sale to a New York Stock Exchange-listed acquirer in 2011.

He is currently Chairman of the Beacon Foundation and Director of the Macquarie Point Corporation Board as well as a member of the specialist panel appointed to evaluate expressions of interest from potential developers and investors in the Macquarie Point development

Greg has previously served as a Non-Executive Director and Chairman of the Audit Committee of STW Communications Group Limited, Australia's largest marketing communications company. He was also a Director of the Australian Museum of Contemporary Art in Sydney and the Fahan School in Hobart.

Tasmanian Development and Resources Board meeting attendance

Member	Number of meetings attended
Chairman, Brian Scullin	11
Brett Torossi	11
Kim Evans	10
Narelle Hooper	10
Professor Janelle Allison	9
Mark Ryan	9
Darren Alexander ²	5
Greg McCann ¹	4
Greg Woolley ¹	4
Naomi Edwards ¹	3
James Walch ²	3

1 Appointed 23 February 2016

2 Term expired 20 January 2016







Policy objectives

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

- » the stability of business undertakings in Tasmania
- » the maintenance of maximum employment in Tasmania, and
- » 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 Board are currently reviewing and refining the forward Corporate Plan for the Tasmanian Development Board over the next reporting period and this will be issued by the end of 2016. The areas of focus will include:

- » 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.

Grants and loans approval for 2015-16

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	23	\$37.349 million
Total	23	\$37.349 million

Outstanding loan balances as at 30 June 2016

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	52	\$31.319 million
Total	52	\$31.319 million



Financial Statements

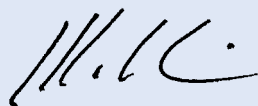
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Certification of Financial Statements

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 2016 and the financial position as at the end of the year.

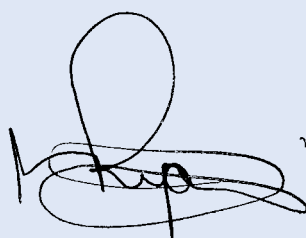
The Board resolved in December 2015 to prepare Special Purpose Financial Statements on the basis outlined in policy note 11.2 to better inform readers as to the financial scope of TDR activities. In addition the nature of the financial reporting for the TDR is more closely aligned to the scope of Special Purpose financial reporting as outlined in the Treasurer's Instruction. A restructure of the TDR's financial reporting was also undertaken during 2015-16, removing all non-TDR portfolio activity, transactions and balances. The restructure of reporting has been undertaken in the interests of providing a true and fair representation of core TDR activities, transactions and performance. The impacts of the removal of non-TDR Portfolio activities, transactions and balances is detailed in policy note 11.3(b).

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.



Brian Scullin
Tasmanian Development Board

11 August 2016



Mark Ryan
Chair, Risk and Audit Committee

11 August 2016

Tasmania Development and Resources

Statement of Comprehensive Income for the year ended 30 June 2016

			RESTATED	
	Notes	2016 \$'000	2015 \$'000	2015 \$'000
Continuing operations				
Revenue and other income from transactions				
Attributed revenue from Government				
Appropriation revenue – recurrent	1.1	4,583	4,312	23,023
Grants		275	1,000	1,305
Interest		1,181	1,955	1,955
Other revenue	1.2	1,482	1,764	2,257
Total revenue and other income from transactions		7,521	9,031	28,540
Expenses from transactions				
Attributed employee benefits	2.1(a)	338	269	8,910
Directors fees	2.1(b)	229	210	220
Depreciation and amortisation	2.2	261	292	329
Supplies and consumables	2.3	967	1,140	5,850
Grants and subsidies	2.4	4,283	4,735	10,216
Finance costs	2.5	1,076	1,077	1,108
Other expenses		82	10	285
Total expenses from transactions		7,236	7,733	26,918
Net result from transactions (net operating balance)		285	1,298	1,622
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	3.1	(184)	...	...
Net gain/(loss) on financial instruments and statutory receivables/payables	3.2	560	(448)	(448)
Total other economic flows included in net result		376	(448)	(448)
Net result from continuing operations		661	850	1,174
Net result		661	850	1,174
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in property asset revaluation reserve		(2,623)	(10)	...
Total other comprehensive income		(2,623)	(10)	...
Comprehensive result		(1,962)	840	1,174

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 2016

		2016	RESTATED 2015	2015
	Notes	\$'000	\$'000	\$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	8.1	45,053	22,076	26,782
Receivables		105	388	388
Loan advances	4.1	31,010	37,712	37,712
<i>Non-financial assets</i>				
Property, plant and equipment	4.2	11,571	15,239	15,426
Other assets	4.3	...	53	55
Total assets		87,739	74,468	80,363
Liabilities				
Payables		462	475	475
Interest bearing liabilities	5.1	54,743	40,513	40,513
Provisions		...	...	442
Attributed employee benefits		26	14	2,536
Other liabilities		4	...	1,597
Total liabilities		55,235	41,002	45,563
Net assets		32,504	34,466	34,800
Equity				
Reserves	7.1	...	2,623	2,633
Accumulated funds		32,504	31,843	32,167
Total equity		32,504	34,466	34,800

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 2016

		2016	RESTATED 2015	2015
	Notes	\$'000	\$'000	\$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash inflows				
Attributed Appropriation receipts – recurrent		4,583	4,312	22,807
Grants		275	1,000	1,305
Net GST		226	157	1,639
Interest received		1,156	1,643	1,643
Other cash receipts		1,703	1,760	2,292
Total cash inflows		7,943	8,872	29,686
Cash outflows				
Attributed employee benefits		(330)	(253)	(9,462)
Directors fees		(199)	(221)	(10,855)
Grants and subsidies		(4,283)	(4,735)	(1,482)
Interest payments		(1,077)	(1,077)	(1,077)
Supplies and consumables		(892)	(1,140)	(6,081)
Other cash payments		(148)	(10)	(278)
Total cash outflows		(6,929)	(7,436)	(29,235)
Net cash from (used by) operating activities	8.2	1,014	1,436	451
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		596	351	351
Repayment of loans by other entities		12,167	9,831	9,831
Receipts from investments		20	...	...
Total cash inflows		12,783	10,182	10,182
Cash outflows				
Loans made to other entities		(5,050)	(15,532)	(15,532)
Total cash outflows		(5,050)	(15,532)	(15,532)
Net cash from (used by) investing activities		7,733	(5,350)	(5,350)
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		20,000	15,000	15,000
Total cash inflows		20,000	15,000	15,000
Cash outflows				
Repayment of borrowings		(5,770)	(10,598)	(10,598)
Total cash outflows		(5,770)	(10,598)	(10,598)
Net cash from (used by) financing activities		14,230	4,402	4,402
Net increase (decrease) in cash held and cash equivalents		22,977	488	(497)
Cash and deposits at the beginning of the reporting period		22,076	27,279	27,279
Cash outflow on internal restructure		...	(5,691)	...
Cash and deposits at the end of the reporting period	8.1	45,053	22,076	26,782

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 2016

	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2015	2,623	31,843	34,466
Total comprehensive result	(2,623)	661	(1,962)
Balance as at 30 June 2016	...	32,504	32,504

	Note	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2014		2,633	30,993	33,626
Total comprehensive result		...	1,174	1,174
Adjustment due to change in accounting policy	11.3(b)	(10)	(324)	(334)
		(10)	850	840
Restated balance as at 30 June 2015		2,623	31,843	34,466

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

Note I 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.

I.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. Except for any amounts identified as carried forward in Notes I.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*.

	2016	RESTATED 2015
	\$'000	\$'000
Continuing operations		
Attributed appropriation revenue – recurrent		
Current year	4,094	2,586
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	489	1,726
Total attributed revenue from Government	4,583	4,312

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.

I.2 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 are recognised as revenue in the period in which TDR gains control of the funds.

	2016	RESTATED 2015
	\$'000	\$'000
Property rental	1,143	1,125
Property other revenue	299	441
Other	40	198
Total	1,482	1,764

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

	2016	RESTATED 2015
	\$'000	\$'000
Wages and salaries	257	217
Annual leave	21	18
Long service leave	2	...
Sick leave	5	1
Superannuation	49	23
Other employee expenses	4	...
Total	338	259

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an agency contribution rate determined by the Treasurer, on the advice of the State Actuary. The current agency contribution is 12.75 per cent (2015: 12.75 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 (2015: 9.5 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.25 per cent (2015: 3.25 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of key management personnel

2016	Short-term benefits		Long-term benefits		Termination Benefits \$'000	Total \$'000
	Salary \$'000	Other Benefits \$'000	Superannuation \$'000	Other Benefits & Long-Service Leave \$'000		
Board Members						
Brian Scullin, Chairman	52	...	5	...	...	57
Mark Ryan, Director	29	...	3	...	...	32
James Walch, Director (to 20/1/2016)	17	...	2	...	...	19
Brett Torossi, Director	27	...	2	...	...	29
Darren Alexander, Director (to 20/1/2016)	17	...	2	...	...	19
Narelle Hooper, Director	29	...	3	...	...	32
Naomi Edwards (from 23/02/2016)	10	...	1	...	...	11
Gregory Woolley (from 23/02/2016)	10	...	1	...	...	11
Gregory McCann (from 23/02/2016)	10	...	1	...	...	11
Janelle Allison, Director (to 4/2/2016)	28	...	...	...	...	28
Total	229	...	20	...	...	249

2015	Short-term benefits		Long-term benefits				Total
	Salary	Other Benefits	Superannuation	Post-Employment Benefits	Termination Benefits	Other Benefits & Long-Service Leave	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Board Members							
Brian Scullin, Chairman (from 1/12/2014)	27	...	3	...	...	...	30
Mark Ryan, Director	28	...	3	...	...	...	31
Keryn Nylander, Director (to 13/12/2014)	14	...	1	...	...	...	15
James Walch, Director	28	...	3	...	...	...	31
Brett Torossi, Director	29	...	3	...	...	...	32
Janelle Allison, Director	28	...	...	...	...	...	28
Darren Alexander, Director	28	...	3	...	...	...	31
Narelle Hooper, Director	28	...	3	...	...	...	31
Total	210	...	19	...	...	...	229

TDR Director Janelle Allison declined to receive remuneration in lieu of a direct payment to the University of Tasmania.

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 2015-16 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.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

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

	2016	RESTATED 2015
	\$'000	\$'000
Plant and equipment	8	9
Buildings	111	110
Total	119	119

(b) Amortisation

	2016	RESTATED 2015
	\$'000	\$'000
Leasehold improvements	142	173
Total	142	173
Total depreciation and amortisation	261	292

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.

	2016	RESTATED 2015
	\$'000	\$'000
Audit fees – financial audit	30	33
Audit fees – internal audit	18	12
Operating lease costs	1	...
Consultants and contracted services	25	190
Property services	497	607
Maintenance	188	230
Communications	7	12
Information technology	104	4
Travel and transport	19	33
Advertising and promotion	6	11
Other supplies and consumables	72	8
Total	967	1,140

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.

	2016	RESTATED 2015
	\$'000	\$'000
Vodafone	1,330	480
Huon Aquaculture Company Pty Ltd	...	1,500
Tasmanian Government Innovation and Investment Fund (TGIIF)	413	1,532
Renewable Energy Loan Fund	...	188
Vineyard and orchard expansion project	71	64
Major Development Infrastructure Assistance Fund	...	600
Serco Contact Centre industry support package	296	371
Lion Nathan assistance package	1,460	...
Qantas industry assistance package	33	...
UXC Enterprise Development Centre	680	...
Total	4,283	4,735

TDR Grants are generally funded by appropriation from the consolidated fund, which is reflected in the attributed revenue from government in the Statement of Comprehensive income. In 2015 a grant of \$1.5 million was paid to Huon Aquaculture Pty Ltd and was funded from TDR cash, not from appropriation revenue. Appropriation revenue will replenish TDR cash over the forward estimates.

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.

	2016	RESTATED 2015
	\$'000	\$'000
Interest expense		
Interest on loans	1,076	1,077
Total	1,076	1,077

Note 3 Other Economic Flows included in Net Result

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 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 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.

	RESTATED	
	2016	2015
	\$'000	\$'000
Revaluation of buildings	(184)	...
Total net gain/(loss) on non-financial assets	(184)	...

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.

	RESTATED	
	2016	2015
	\$'000	\$'000
Impairment reversals/(losses) for:		
Loans advances	420	(429)
Equity investments	20	(19)
Statutory receivables	120	...
Total net gain/(loss) on financial instruments	560	(448)

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.

	2016	RESTATED 2015
	\$'000	\$'000
Section 35 Loans Administered by TDR	14,166	22,220
Bushfire Recovery Loan Program	728	1,114
<i>Tasmanian Development Act 1983</i>	3,434	5,590
<i>Fire Damage Relief Act 1967</i>	19	23
Farm Finance Loan Scheme	11,179	7,490
Renewable Energy Loan Scheme	676	2,222
Agrigrowth Loan Program	1,032	...
Drought Relief Loans	303	...
Less: Provision for impairment	(527)	(947)
Total	31,010	37,712
Settled within 12 months	11,831	16,658
Settled in more than 12 months	19,179	21,054
Total	31,010	37,712

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.

	2016	RESTATED 2015
	\$'000	\$'000
Reconciliation of movement in provision for impairment of other financial assets		
Total	947	518
Increase/(decrease) in provision recognised in net result	(420)	429
Carrying amount at 30 June	527	947

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).

Section 35 Loans Administered by TDR impaired in previous years relate to Blockmack Pty Ltd (\$160,000) and 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. 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.

(a) Carrying amount

	2016	RESTATED 2015
	\$'000	\$'000
Land		
Properties - at fair value (30 June 2016)	3,315	4,393
Rural properties - at fair value (30 June 2016)	2,216	2,815
Total	5,531	7,208
Buildings		
At fair value (30 June 2016)	5,350	7,300
Less: Accumulated depreciation	...	(110)
Total	5,350	7,190
Leasehold improvements		
At cost	2,018	2,018
Less: Accumulated amortisation	(1,328)	(1,185)
Total	690	833
Plant and equipment		
At cost	361	361
Less: Accumulated depreciation	(361)	(353)
Total	...	8
Total property, plant and equipment	11,571	15,239

Rural properties

Rural properties are valued as at 30 June 2016 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.

Land and buildings

Land and buildings revaluations were undertaken by the Valuer-General as at 30 June 2016. 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 2016	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	7,208	7,190	8	832	15,237
Disposals	(599)	...	...	...	(599)
Depreciation and amortisation	...	(111)	(8)	(142)	(261)
<i>Gains/losses recognised in operating results</i>					
Revaluations increments (decrements)	...	(184)	...	...	(184)
<i>Gains/losses recognised in other comprehensive income</i>					
Revaluations increments (decrements)	(1,078)	(1,545)	...	...	(2,623)
Carrying value at 30 June	5,531	5,350	...	690	11,571

30 June 2015	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	7,559	7,300	17	1,005	15,882
Disposals	(599)	...	...	...	(599)
Depreciation and amortisation	...	(110)	(9)	(173)	(292)
Carrying value at 30 June	7,208	7,190	8	832	15,239

4.3 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.

(a) Carrying amount

	2016 \$'000	RESTATED 2015 \$'000
Other assets		
Prepayments	...	45
Accrued revenue	...	8
Total	...	53
Utilised within 12 months	...	53
Utilised in more than 12 months
Total	...	53

(b) Reconciliation of movements

	2016 \$'000	RESTATED 2015 \$'000
Carrying amount at 1 July	53	731
Additions	...	53
Used-up	(53)	(731)
Carrying amount at 30 June	...	53

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

	RESTATED	
	2016	2015
	\$'000	\$'000
Loans from the State Government	5,170	5,640
Loans from the Australian Government	34,573	19,873
Loans from Tascorp	15,000	15,000
Total	54,743	40,513

(b) Maturity schedule

	RESTATED	
	2015-16	2014-15
	\$'000	\$'000
One year or less	470	470
From one to five years	54,273	40,043
Total	54,743	40,513

During 2015-16 TDR repaid \$5.3 million of the borrowing with the Australian Government relating to unused Farm Finance Loan Scheme funds. In addition \$20 million was received from the Australian Government in relation to the Drought and Dairy Recovery Loan Schemes.

Note 6 Commitments and Contingencies

6.1 Schedule of commitments

	2016 \$'000	RESTATED 2015 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	14	3
Total lease commitments	14	3
<i>Other commitments</i>		
Loan commitments	7,255	18,081
Program / Project commitments	5,487	18,284
Total other commitments	12,742	36,365
Total	12,756	36,368
By maturity		
<i>Operating lease commitments</i>		
One year or less	6	3
From one to five years	8	...
More than five years	...	...
Total operating lease commitments	14	3
By maturity		
<i>Other commitments</i>		
One year or less	11,283	26,853
From one to five years	1,431	9,377
More than five years	28	138
Total other commitments	12,742	36,368
Total	12,756	36,368

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.

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.

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.

	2016 \$'000	RESTATED 2015 \$'000
Quantifiable contingent liabilities		
<i>Guarantee related to the Export Finance and Insurance Corporation. Settlement of the finance was obtained through EFIC on 28 January 2016 and supported by the State Government through this Guarantee, effectively releasing the State Government from any further contingent liability.</i>	...	18,500
Total quantifiable contingent liabilities	...	18,500

Note 7 Reserves

7.1 Reserves

30 June 2016	Land \$'000	Buildings \$'000	Artwork \$'000	Total \$'000
Asset revaluation reserve				
Balance at the beginning of financial year	1,078	1,545	10	2,633
Revaluation increments/ (decrements)	(1,078)	(1,545)	...	(2,623)
Transferred on restructure	...	...	(10)	(10)
Balance at end of the period	...	...	...	...

2015	Land \$'000	Buildings \$'000	Artwork \$'000	Total \$'000
Asset revaluation reserve				
Balance at the beginning of financial year	1,078	1,545	10	2,633
Revaluation increments/ (decrements)	...	...	...	...
Balance at end of financial year	1,078	1,545	10	2,633

Note 8 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.

8.1 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.

	2016	RESTATED 2015
	\$'000	\$'000
Special Deposits and Trust Fund balance		
T524 State Growth Operating Account	44,084	21,300
T790 Government Guarantees Reserve Account	966	774
T94I Fire Relief Account	2	1
Total	45,052	22,075
Other cash held		
Petty cash float	1	1
Total	1	1
Total cash and deposits	45,053	22,076
Restricted use cash and deposits	24,758	14,193
Unrestricted use cash and deposits	19,295	7,883
Total cash and deposits	45,053	22,076

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

8.2 Reconciliation of net result to net cash from operating activities

	2016	RESTATED 2015
	\$'000	\$'000
Net result from transactions (net operating balance)	285	1,298
Adjustment due to restructure	(96)	(782)
Depreciation and amortisation	261	292
Interest	41	24
(Gain)/loss on fair value revaluations	184	...
Decrease (increase) in Receivables	283	151
Decrease (increase) in Other assets	53	678
Increase (decrease) in Attributed employee benefits	12	(253)
Increase (decrease) in Payables	(13)	28
Increase (decrease) in Other liabilities	4	...
Net cash from (used by) operating activities	1,014	1,436

Note 9 Financial Instruments

9.1 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 *Tasmanian Development Act 1983* (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 (19%). Concentration of credit risk by industry on loan advances is: Paper (19%), Rural (39%).

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 2016 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	79	9	4	13	105
Loan advances	31,010	...	...	...	31,010

Analysis of financial assets that are past due at 30 June 2015 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	260	1	7	120	388
Loan advances	37,646	3	4	59	37,712

(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 2016	Maturity analysis for financial liabilities						Undiscounted total \$'000	Carrying amount \$'000
	1 year	2 years	3 years	4 years	5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial liabilities								
Payables	462	...	...	...	...	...	462	462
Interest bearing liabilities	470	...	...	...	...	54,273	54,743	54,743
Total	932	...	...	...	...	54,273	55,205	55,205

2015	Maturity analysis for financial liabilities						Undiscounted total \$'000	Carrying amount \$'000
	1 year	2 years	3 years	4 years	5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial liabilities								
Payables	475	...	...	...	...	...	475	475
Interest bearing liabilities	470	...	...	...	...	40,043	40,513	40,513
Total	945	...	...	...	...	40,043	40,988	40,988

(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:

	2016 \$'000	RESTATED 2015 \$'000
Fixed rate instruments		
Financial assets	...	...
Financial liabilities	(15,462)	(15,475)
Total	(15,462)	(15,475)
Variable rate instruments		
Financial assets	51,611	48,322
Financial liabilities	...	...
Total	51,611	48,322

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 2016				
Cash and deposits	206,000	(206,000)	...	...
Loan advances	310,107	(310,107)	...	...
Net sensitivity	516,107	(516,107)	...	...
30 June 2015				
Cash and deposits	106,097	(106,097)	...	...
Loan advances	377,122	(377,122)	...	...
Net sensitivity	483,219	(483,219)	...	...

This analysis assumes all other variables remain constant. The analysis was performed on the same basis as at 30 June 2016.

9.2 Categories of financial assets and liabilities

	2016 \$'000	RESTATED 2015 \$'000
Financial assets		
Cash and deposits	45,053	22,076
Loans and receivables	31,106	37,864
Total	76,159	59,940
Financial liabilities		
Financial liabilities measured at amortised cost	(55,205)	(40,988)
Total	(55,205)	(40,988)

Note 10 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 2016

Note 11 Other Significant Accounting Policies and Judgements

11.1 Objectives and Funding

The Tasmanian Development Authority (TDA) was established under the 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 is reviewing its corporate plan and objectives in the reporting period and will develop key focus areas for the next three year Corporate Plan. The focus will be on the enhancement of job opportunities and growth in the Tasmanian economy, in addition to the provision of advice to Government on matters relating to its mandate under the TD Act.

TDR forms part of the Department of State Growth (the Department). 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).

11.2 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* and AASB 116 *Property Plant and Equipment*.

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.

The Financial Statements were signed by the Chairman of the Board and the Chairman of the Risk and Audit Committee on 11 August 2016.

11.3 Reporting Entity

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

(a) Financial Reporting – Restructure of TDR Annual Financial Statements

During 2015-16 the TDR Board agreed to condense TDR's financial reporting into a Special Purpose Financial Statement format, including the removal of the reporting of non-TDR Portfolio activities and transactions. These changes were approved by the Minister for State Growth on 20 April 2016.

As result of this decision the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the accompanying notes include a column with Restated opening balances 2014-15.

(b) Impact of removal of reporting of non-core activities

The Board removed the reporting of non-TDR Portfolio activities, transactions and balances, primarily associated appropriation revenues. The restructure of reporting has been undertaken in the interests of providing a true and fair representation of core TDR activities, transactions and performance. The change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the TDR's financial position, financial performance and cash flows.

The impact of the removal of non-TDR Portfolio activities, transactions and balances is as follows:

Restated Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$'000	ADJUSTMENT 2015 \$'000	RESTATED 2015 \$'000
Continuing operations				
Revenue and other income from transactions				
Attributed revenue from government				
Appropriation revenue – recurrent	(a)	23,023	(18,711)	4,312
Grants	(b)	1,305	(305)	1,000
Interest		1,955	...	1,955
Other revenue	(c)	2,257	(493)	1,764
Total revenue and other income from transactions		28,540	(19,509)	9,031
Expenses from transactions				
Attributed employee benefits	(d)	8,910	(8,651)	259
Directors fees		220	...	220
Depreciation and amortisation	(e)	329	(37)	292
Supplies and consumables	(e)	5,850	(4,710)	1,140
Grants and subsidies	(f)	10,216	(5,481)	4,735
Finance costs	(e)	1,108	(31)	1,077
Other expenses	(e)	285	(275)	10
Total expenses from transactions		26,918	(19,185)	7,733
Net result from transactions (net operating balance)		1,622	(324)	1,298
Other economic flows included in net result				
Net gain/(loss) on non-financial assets		...	...	...
Net gain/(loss) on financial instruments and statutory receivables/payables		(448)	...	(448)
Total other economic flows included in net result		(448)	...	(448)
Net result from continuing operations		1,174	(324)	850
Net result		1,174	(324)	850
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss		...	(10)	(10)
Changes in property assets revaluation reserve				
Total other comprehensive income		...	(10)	(10)
Comprehensive result		1,174	(334)	840

(a) Removal of attributed appropriation revenue related to funding of non-TDR grants, employee entitlements and other Departmental expenditure.

(b) Removal of grants revenue designated for non-TDR portfolio activity.

(c) Removal of other revenue unrelated to TDR portfolio activity.

(d) Removal of attributed employee expenses, with the exception of employees engaged in Farm Finance lending activity.

(e) Removal of non-TDR portfolio expenditure.

(f) Removal of non-TDR grants funded by appropriation.

Restated Statement of Financial Position as at 30 June 2016

	Notes	2015 \$'000	ADJUSTMENT 2015 \$'000	RESTATED 2015 \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	(a)	26,782	(4,706)	22,076
Receivables		388	...	388
Loan advances		37,712	...	37,712
<i>Non-financial assets</i>				
Property, plant and equipment	(b)	15,426	(187)	15,239
Other assets	(b)	55	(2)	53
Total assets		80,363	(4,895)	74,468
Liabilities				
Payables		475	...	475
Interest bearing liabilities		40,513	...	40,513
Provisions	(c)	442	(442)	...
Attributed employee benefits	(d)	2,536	(2,522)	14
Other liabilities	(c)	1,597	(1,597)	...
Total liabilities		45,563	(4,561)	41,002
Net result		34,800	(334)	34,466
Equity				
Reserves	(e)	2,633	(10)	2,623
Accumulated funds		32,167	(324)	31,843
Total equity		34,800	(334)	34,466

(a) Removal of non-TDR portfolio cash and deposits.

(b) Removal of non-TDR portfolio assets.

(c) Removal of non-TDR portfolio liabilities.

(d) Removal of attributed employee benefits liabilities, with the exception of employees engaged in Farm Finance lending activity.

(e) Removal of non-TDR portfolio asset revaluation reserve.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2015 \$'000	ADJUSTMENT 2015 \$'000	RESTATED 2015 \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Attributed Appropriation receipts – recurrent		22,807	(18,495)	4,312
Grants		1,305	(305)	1,000
Net GST		1,639	(1,482)	157
Interest received		1,643	...	1,643
Other cash receipts		2,292	(532)	1,760
Total cash inflows		29,686	(20,814)	8,872
Cash outflows				
Attributed Employee benefits		(9,462)	(9,209)	(253)
Directors fees		(10,855)	(10,634)	(221)
Grants and subsidies		(1,482)	3,253	(4,735)
Interest payments		(1,077)	...	(1,077)
Supplies and consumables		(6,081)	(4,941)	(1,140)
Other cash payments		(278)	(268)	(10)
Total cash outflows		(29,235)	(21,799)	(7,436)
Net cash from (used by) operating activities		451	985	1,436
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		351	...	351
Repayment of loans by other entities		9,831	...	9,831
Receipts from investments		...	...	...
Total cash inflows		10,182	...	10,182
Cash outflows				
Loans made to other entities		(15,532)	...	(15,532)
Total cash outflows		(15,532)	...	(15,532)
Net cash from (used by) investing activities		(5,350)	...	(5,350)
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		15,000	...	15,000
Total cash inflows		15,000	...	15,000
Cash outflows				
Repayment of borrowings		(10,598)	...	(10,598)
Total cash outflows		(10,598)	...	(10,598)
Net cash from (used by) financing activities		4,402	...	4,402
Net increase (decrease) in cash held and cash equivalents		(497)	985	488
Cash and deposits at the beginning of the reporting period		27,279	...	27,279
Cash outflow on internal restructure	(a)	...	...	(5,691)
Cash and deposits at the end of the reporting period		26,782	985	22,076

(a) Removal of non-TDR portfolio cash and deposits.

11.4 Functional and Presentation Currency

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

11.5 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.

11.6 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 "...".

11.7 Taxation

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

11.8 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.

Independent Auditor's Report**To Members of the Tasmanian Parliament****Tasmania Development and Resources****Special Purpose Financial Report for the Year Ended 30 June 2016****Report on the Special Purpose Financial Report**

I have audited the accompanying special purpose financial report (the financial report) of Tasmania Development and Resources, which comprises the statement of financial position as at 30 June 2016 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 Chair of the Board and Chair of the Risk and Audit Committee.

Auditor's Opinion

In my opinion Tasmania Development and Resource's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2016 and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Tasmanian Development Act 1983* and Australian Accounting Standards to the extent described in note 11.2.

Basis of Preparation and Restriction on Distribution

Without modifying my opinion, I draw attention to note 11.2 to the financial report, which describes the purpose of the financial report and the basis of preparation. The financial report is a special purpose financial report prepared for the purpose of fulfilling responsibilities under Section 29 (B) of the *Tasmanian Development Act 1983*. As a result, the financial report may not be suitable for another purpose.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation as described in note 11.2 to the financial report, which is a special purpose framework, is appropriate to meet Tasmania Development and Resource's financial reporting requirements under Section 29 (B) of the *Tasmanian Development Act 1983*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or

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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 report 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 report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial report 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 Tasmania Development and Resource'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 report.

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 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.

Tasmanian Audit Office



Rod Whitehead
Auditor-General

Hobart
23 September 2016

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