Tasmania Development and Resources

Annual Report 2013-14

Department of Economic Development, Tourism and the Arts

Tasmanian Government

Contents

Tasmania Development and Resources

October 2014

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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 2014.

Yours sincerely

Brett Torossi

Presiding Chair
Tasmanian Development Board
October 2014

About this publication

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

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

Detailed information regarding the scope of activities overseen by TDR is provided in the Economic Development portfolio activities statement within the Department of Economic Development, Tourism and the Arts' Annual Report 2013-14.

Chairman's foreword

The Tasmanian Development Board oversees and supports the industry development activities of the Department of Economic Development, Tourism and the Arts. With these functions now being part of the new Department of State Growth, the board continues to provide this support.

The board's statutory role is to encourage and promote the strategic economic development of Tasmania. Its work has been particularly focused on the creation of new investment and associated employment. This is achieved by supporting the implementation of the Tasmanian Government's economic policies, as well as providing advice on opportunities for growth and leveraging our state's competitive advantages.

Of particular note this year was the board's recommendation to government that it approve a $15 million commercial loan to secure the redevelopment of the Myer site in Hobart. The site had been empty since the building was destroyed by fire in 2007 and since approval of the loan, the first stage of construction has commenced.

The board also helped to secure a long-term commitment from Qantas to consolidate its call centre business in Tasmania. By recommending the provision of a financial assistance package, the board helped to secure and create further opportunities for Tasmanian employment.

The Tasmanian Government Innovation and Investment Fund (TGIIF), delivered through the board, continued to support eligible Tasmanian businesses, with three rounds of grants of up to $250 000 for projects to expand and improve business performance and to create jobs.

The board also administers the Australian Government's Farm Finance Concessional Loan Scheme, which provides access to loans up to $650 000. The scheme is targeted at eligible farm businesses experiencing debt-servicing difficulties, but which are considered potentially viable in the longer term. Applications for the first round closed 30 April 2014 and the board approved loans totalling $5.5 million.

There was also the board's recommendation for funding to assist with the redevelopment of Macquarie Wharf No. 1, transforming the structure into a luxury 4.5 star hotel consisting of 113 suites and 3 000 square metres of retail space.

My tenure with the Tasmanian Development Board concludes on 7 August, after two years as Chairman and three as a board member. I would like to thank all the board members, past and current for their support and insight during this time.

Lyn Cox

Chairman
Tasmanian Development Board
1 July 2014

Chief Executive's message

The Department of Economic Development, Tourism and the Arts (DEDTA) has supported the work of the Tasmanian Development Board for many years now, in developing our state's economic and cultural landscape. The department housed a collaborative group of specialised teams, coordinating a wide range of activities which facilitated the sustainable growth of Tasmania's economic, cultural and regional development.

In turn, 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.

Since April 2014, I have been the Acting Secretary for both DEDTA and the Department of Infrastructure, Energy and Resources (DIER), charged with forming the new Department of State Growth. From 1 July 2014, most of the functions and units which comprised DEDTA have become part of the new Department of State Growth. This new department will build on DEDTA's existing strengths and the Tasmanian Development Board has been one of these strengths.

I would like to thank the Minister for State Growth, Matthew Groom for his support.

I will also take the opportunity to thank the out-going Chairman of the Tasmanian Development Board, Lyn Cox, together with all members of the board for their work during this past year.

Kim Evans

Chief Executive
Tasmania Development and Resources

Tasmanian Development Board

1. Lyn Cox
2. Professor Janelle Allison
3. James Walch
4. Keryn Nylander
5. Brett Torossi
6. Darren Alexander
7. Narelle Hooper
8. Mark Ryan
9. Kim Evans

Lyn Cox (Chairman)

Lyn Cox was appointed to the Tasmanian Development Board in February 2011. He was a partner in professional services firm Deloitte, including over 10 years as managing partner for Tasmania.

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

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

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

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

Professor Janelle Allison (Director)

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

Professor Allison has a particular interest in the areas of participation and regional economic development. Her strategic and creative thinking has established new ways to approach engagement in learning. As PVC (RD) and Director of the Cradle Coast campus she provides strategic leadership and developing strategic initiatives in collaboration with Faculties and many community and business/industry stakeholders. She has a particular interest in transforming regional economies and skilling the workforce. Her research interests are around niche high-value manufacturing and food production and the role in regional economies.

James Walch (Director)

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

James has an active interest in the agriculture sector. James is a farmer from Epping Forest and manages the property of Stewarton.

Stewarton is a mixed farming operation, with enterprises including fine wool, potatoes, poppies, and irrigated lucerne. James is a keen advocate of sustainable farming systems and sees the agricultural sector as a driver of the Tasmanian economy.

James has been Tasmanian Farmers and Graziers Association (TFGA) President, Wool Council Chairman and is currently a member of the Environmental Policy Forum.

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

Keryn Nylander, BA, APRIA (Director)

Keryn Nylander was appointed to the board on 20 March 2000.

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

She is a Director and past Chairman of B&E financial institution, a Director of the state's peak wine body Wine Industry Tasmania Ltd and Fahan School. Keryn is a Fellow of the Australian Institute of Company Directors.

Brett Torossi (Director)

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

Brett's accommodation experience, Avalon Retreats, is a collection of boutique tourism developments in Hobart and on Tasmania's east coast. All three properties reflect her signature values and have been recognised with state and national awards.

Avalon Coastal Retreat was awarded the prestigious James Blackburn Triennial Award for excellence in architecture, Tasmania's Best New Tourism Development in 2006, Tasmania's Best Deluxe Accommodation in 2007, 2009, 2012, 2013 and Australia's Best Deluxe Accommodation at the 2009 National Tourism Awards. Rocky Hills Retreat was awarded Best Unique Accommodation at the 2012 National Tourism Awards. The newly opened Avalon City Retreat has already been awarded Tasmania's Best New Tourism Development, the Royal Institute of Architects' Peter Willmott Award for Small Projects and Australia's Best Apartment of 2014 by the HIA.

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 and has already received the 2010 Chairman's Award for Excellence in Urban Planning from the Planning Institute of Australia, Tasmanian Chapter, and was recognised with the Excellence in Urban Planning Award at the Planning Institute of Australia awards the same year.

Brett's board appointments include Wallis Watson Capital Ltd, an unlisted property development company based in Victoria, the Tourism Tasmanian Board, and the Festival of Voices. She is also a Commissioner on the Tasmanian Planning Commission, a Trustee of the Tasmanian Museum and Art Gallery, Chair of the Tasmanian Cultural Policy Steering Group and holds a position on the National Board of Creative Partnerships Australia.

Darren Alexander (Director)

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

Darren's passion is Tasmanian small business, ICT and in particular the National Broadband Network. Darren is committed to growing the Tasmanian ICT sector and a strong advocate for the ongoing development and success of Tasmanian small business and Tasmanian ICT companies.

Darren represents the ICT and small business industries on a number of boards including as a past President of TAS ICT, Tasmania's peak industry body, and past Chairman of the TCCI Small Business committee. He was also Chairman of the 5 Days of Innovation Festival held in May 2010 and 2012.

Most recently Darren was appointed as a "Digital Champion" of the National Broadband Network. Darren was also appointed as a member of Tasmania's Digital Futures Advisory Council.

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

Narelle Hooper (Director)

Narelle Hooper joined the board in 2014. Narelle is a corporate adviser who helps CEOs and leadership teams make the practical changes their organisations need to better compete in a resource-constrained globally connected economy. Her recent work has included advising the Business Council of Australia on stakeholder consultations for its long term Economic Action Plan, *Enduring Prosperity*.

She also co-chairs Fairfax Media's annual *Australian Financial Review* - Westpac Women of Influence Awards, which recognise the contribution of women's leadership to business and society.

A former editor of the AFR's *BOSS* magazine for business decision makers, Narelle has a depth of experience from editorial and leadership roles with Fairfax Media, ABC Radio News and Current Affairs, SBS Television and BRW Magazine. She is a highly regarded interviewer, speaker and facilitator with a special interest in how technology is changing how we live, work and do business.

Narelle grew up in central western NSW where her family ran a dairy farm and the local pub. She studied journalism at Canberra University and has a Masters of Management (Financial Management) from Macquarie Graduate School of Management.

Based in Sydney and a regular visitor with strong connections to Tasmania, She is a director of the Documentary Australia Foundation and a member of the advisory board of the Walkley Foundation for excellence in journalism.

She is a Sydney Advisory Council member of the University of NSW's Centre for Social Impact and a member of the Australian Institute of Company Directors.

Mark Ryan (Director)

Mark Ryan joined the board in December 2013. Mark is the Managing Director and Chief Executive Officer of Tassal Group Ltd, having held the position since November 2003. He is the current Chair the Macquarie Point Development Corporation and Chair of Juicy Isle Pty Ltd, and a Director of Salmon Enterprises of Tasmania Pty Ltd, as well a number of other industry-related associations. Mark has over 26 years' experience in the finance and turnaround-management sector. He has contributed to a wide range of successful projects in some highly profitable and significant organisations in Tasmania, interstate and overseas, not only as a Managing Director and CEO, but also as a Turnaround Manager and from a consultancy perspective.

Kim Evans (Chief Executive)

Kim Evans is secretary of the Department of State Growth and was appointed to oversee the department's creation in April 2014. He was formerly the head of the Department of Primary Industries, Parks, Water and Environment, a position he held for 15 years.

Kim represents Tasmania on a number of state and national boards and committees, including the Tasmanian Institute of Agriculture, the Institute of Marine and Antarctic Studies, the board of the Royal Tasmanian Botanical Gardens, the Tasmanian Heritage Council, and the Board of Tasmanian Irrigation Pty Ltd. He is also 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.

Tasmanian Development Board meeting attendance

Member	Number of meetings attended
Chairman Lyn Cox	11
Brett Torossi	10
Darren Alexander	11
Janelle Allison	9
James Walch	10
Keryn Nylander	10
Mark Kelleher [1]	6
Mike Grainger [2]	5
Narelle Hooper [3]	3
Mark Ryan [4]	5
Kim Evans [5]	3

1 Resigned 7 April 2014
2 Term expired 6 February 2104
3 Term commenced 1 March 2014
4 Term commenced 2 December 2013
5 Term commenced 7 April 2014


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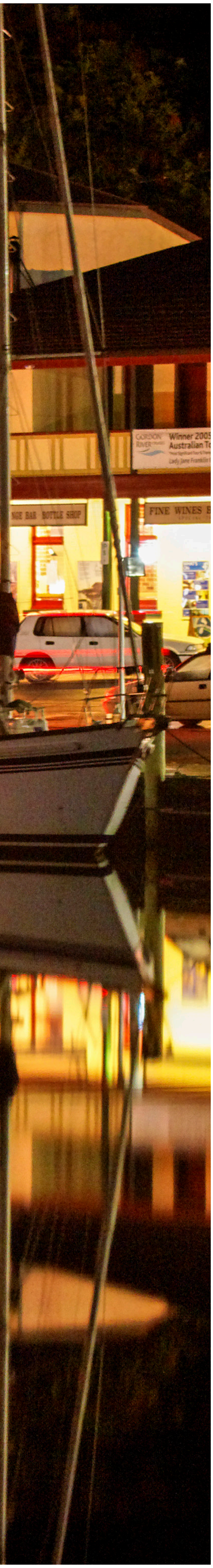


Policy objectives

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

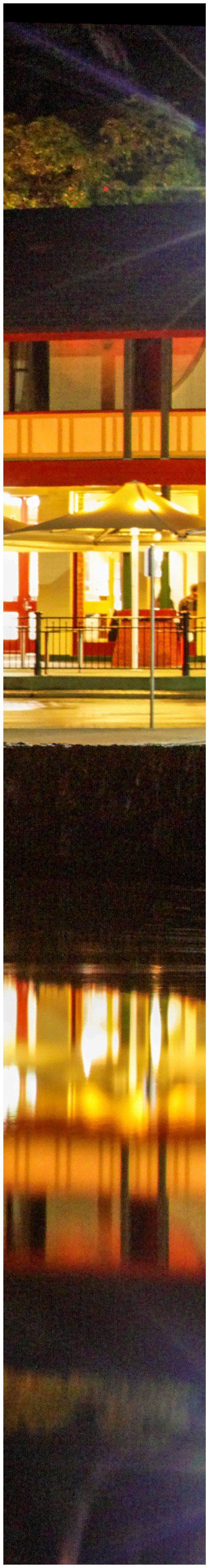
- the stability of business undertakings in Tasmania
- the maintenance of maximum employment in Tasmania
- the driving of investment that creates jobs and opportunities for all Tasmanians.

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

Prior to March 15, 2014, the following statement of policy objectives was in place.

- To support and grow businesses in Tasmania.
- To maximise Tasmania's economic potential in key sectors.
- To improve the social and environmental sustainability of the economy.
- To support and grow communities within regions.

This information is provided in accordance with Section 29 E of the *Tasmanian Development Act 1983.*



Grants and loans approval for 2013-14

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	55	$60.438 million
Total	**55**	**$60.438 million**

Outstanding loan balances as at 30 June 2014

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	31	$32.448 million
Total	**31**	**$32.448 million**

Financial Statements

Certification of Financial Statements

The accompanying Financial Statements of TDR have been prepared under Section 29B of the *Tasmanian Development Act 1983* and are in agreement with the relevant accounts and records. The Financial Statements have been prepared in compliance with the Treasurer's Instructions issued under the provision of the *Financial Management Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2014 and the financial position as at the end of the year.

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

Brett Torossi
Presiding Chair of the Board

14 August 2014

Kim Evans
Chief Executive Officer

14 August 2014

Tasmania Development and Resources

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Continuing operations			
Revenue and other income from transactions			
Attributed revenue from Government			
Appropriation revenue – recurrent	1.6(a), 3.1	32,108	45,302
Appropriation revenue – section 8A of the *Public Account Act 1986*	1.6(a), 3.1	3,230	500
Revenue from Special Capital Investment Funds	3.2	-	249
Grants	1.6(b), 3.3	1,722	375
Interest	1.6(c), 3.4	1,754	2,932
Other revenue	1.6(d), 3.5	2,207	2,253
Total revenue and other income from transactions		**41,021**	**51,611**
Expenses from transactions			
Attributed employee benefits	1.7(a), 4.1	14,340	16,760
Depreciation and amortisation	1.7(b), 4.2	499	529
Supplies and consumables	1.7(c), 4.3	9,176	10,711
Grants and subsidies	1.7(d), 4.4	11,711	20,187
Finance costs	1.7(e), 4.5	1,138	1,658
Other expenses	1.7(f), 4.6	590	402
Total expenses from transactions		**37,454**	**50,247**
Net result from transactions (net operating balance)		**3,567**	**1,364**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	1.8(a)(c), 5.1	286	(411)
Net gain/(loss) on financial instruments and statutory receivables/payables	1.8(b), 5.2	(72)	(251)
Other gains/(losses) from other economic flows	1.8(d), 5.3	-	(7,050)
Total other economic flows included in net result		**214**	**(7,712)**
Net result from continuing operations		***3,781***	***(6,348)***
Net result		**3,781**	**(6,348)**
Other comprehensive income *Items that will not be reclassified subsequently to profit or loss*			
Changes in property asset revaluation reserve	9.1	9	-
Total other comprehensive income		**9**	**-**
Comprehensive result		**3,790**	**(6,348)**

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 2014

	Notes	2014 $'000	2013 $'000
Assets			
Financial assets			
Cash and deposits	1.9(a), 10.1	27,279	15,186
Receivables	1.9(b), 6.1	648	1,365
Loan advances	1.9(c), 6.2	32,214	32,184
Equity investments	1.9(d), 6.3	20	48
Non-financial assets			
Property, plant and equipment	1.9(e), 6.4	4,396	4,842
Investment property	1.9(f), 6.5	9,364	9,070
Intangibles	1.9(g), 6.6	-	239
Other assets	1.9(h), 6.7	731	926
Total assets		**74,652**	**63,860**
Liabilities			
Payables	1.10(a), 7.1	447	1,738
Interest bearing liabilities	1.10(b), 7.2	36,110	25,080
Provisions	1.10(c), 7.3	815	1,727
Attributed employee benefits	1.10(d), 7.4	2,850	4,581
Other liabilities	1.10(f), 7.5	3,174	3,268
Total liabilities		**43,396**	**36,394**
Net assets		**31,256**	**27,466**
Equity			
Reserves	9.1	10	1
Accumulated funds		31,246	27,465
Total equity		**31,256**	**27,466**

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 2014

	Notes	2014	2013
		$'000	$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Attributed appropriation receipts – recurrent		35,132	48,532
Receipts from Special Capital Investment Funds		-	249
Grants		1,722	375
Net GST		1,876	2,598
Interest received		1,806	2,833
Other cash receipts		2,548	2,333
Total cash inflows		**43,084**	**56,920**
Cash outflows			
Attributed employee benefits		(16,011)	(17,241)
Grants and subsidies		(12,545)	(20,774)
Interest payments		(1,631)	(1,712)
Supplies and consumables		(10,634)	(10,135)
Other cash payments		(477)	(807)
Total cash outflows		**(41,298)**	**(50,669)**
Net cash from (used by) operating activities	10.2	**1,786**	**6,251**
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets		250	489
Repayment of loans by other entities		7,603	20,976
Receipts from investments		20	551
Total cash inflows		**7,873**	**22,016**
Cash outflows			
Loans made to other entities		(7,750)	(17,898)
Payments for acquisition of non-financial assets		(64)	(347)
Other cash payments		(782)	(3)
Total cash outflows		**(8,596)**	**(18,248)**
Net cash from (used by) investing activities		**(723)**	**3,768**
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		15,000	81
Total cash inflows		**15,000**	**81**
Cash outflows			
Repayment of borrowings		(3,970)	(72)
Total cash outflows		**(3,970)**	**(72)**
Net cash from (used by) financing activities		**11,030**	**(9)**
Net increase (decrease) in cash held and cash equivalents		**12,093**	**10,028**
Cash and deposits at the beginning of the reporting period		**15,186**	**5,158**
Cash and deposits at the end of the reporting period	10.1	**27,279**	**15,186**

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 2014

	Reserves $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2013	**1**	**27,465**	**27,466**
Total comprehensive result	9	3,781	3,790
Balance as at 30 June 2014	**10**	**31,246**	**31,256**

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

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2014

Note 1: Significant accounting policies

1.1 Objectives and Funding

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

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

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

TDR's key corporate objectives are to:

» develop a world class business environment

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

» provide strategic business support services

» identify, prioritise and develop relevant industry programs and products

» assist small businesses to grow

» provide training, skills enhancement and management support to business

» provide export support and culture

» attract new internal and external investment and

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

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

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

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

1.2 Basis of Accounting

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

» the *Tasmanian Development Act 1983*

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

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

The Financial Statements were signed by the Acting Chair of the Board and the Chief Executive Officer on 14 August 2014.

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

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

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

1.3 Reporting Entity

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

1.4 Functional and Presentation Currency

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

1.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

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

» AASB 13 *Fair Value Measurement (AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13)* – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all the assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value. TDR has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property and artwork measured at fair value to ensure those methodologies comply with AASB 13. The financial impact is nil.

» AASB 13 requires increased disclosures in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the department, the disclosures are significantly greater.

» AASB 2011-8 replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13. There is no financial impact.

» AASB 119 *Employee Benefits (2011-10 Amendments to Australian Accounting Standards arising from AASB 119)* – This Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. TDR has determined that the financial impact of application is nil.

» 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]* – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

» *2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]* – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard *Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)* by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

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

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

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

1.6 Income from Transactions

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

(a) Attributed revenue from Government

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

(b) Grants

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

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

(c) Interest

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

(d) Other revenue

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

1.7 Expenses from Transactions

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

(a) Attributed employee benefits

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

(b) Depreciation and amortisation

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

Artwork assets are not depreciated.

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

» Plant and equipment 2-25 years

» Leasehold improvements 5-12 years.

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

» Software 1-5 years

(c) Supplies and consumables

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

(d) Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

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

» the grant eligibility criteria have been satisfied.

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

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

(e) Finance costs

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

Finance costs include:

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

» unwinding of discounting of provisions;

» amortisation of discounts or premiums related to borrowings; and

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

(f) Other expenses

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

1.8 Other Economic Flows included in Net Result

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

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

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

(b) Impairment – financial assets

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

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

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

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

(c) Impairment – non-financial assets

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

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

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

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

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

1.9 Assets

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

(a) Cash and deposits

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

(b) Receivables

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

(c) Loan advances

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

(d) Equity investments

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

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

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

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

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

(e) Property, plant and equipment and artwork

(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.

Artwork assets are recorded at fair value.

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 selfconstructed 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 daytoday 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.

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

(f) Investment property

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

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

Investment property is not depreciated.

(g) Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to TDR; and
- the cost of the asset can be reliably measured.

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

(h) Other assets

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

1.10 Liabilities

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

(a) Payables

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

(b) Interest bearing liabilities

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

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(c) Provisions

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

(d) Attributed employee benefits

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

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

(e) Superannuation

(i) Defined contribution plans

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

(ii) Defined benefit plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan.

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

(f) Other liabilities

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

1.11 Leases

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

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

1.12 Judgements and assumptions

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

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

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

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

» Note 6.2, 1.9(c) - Loan advances;

» Note 6.3, 1.9(d) - Equity investments;

» Note 6.4, 1.9(e) - Property, plant and equipment and artwork;

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

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

1.13 Foreign currency

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

1.14 Comparative figures

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

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

1.15 Rounding

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

1.16 Taxation

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

1.17 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of 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.

Note 2: Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on TDR's Financial Statements as at 30 June 2014 with the exception of the following:

The quantifiable contingent liability at Note 8.2(a); and

During July 2014, TDR repaid $9.478 million of its $15.0 million borrowing with the Australian Government relating to unused Farm Finance Loan Scheme round one funding. However, under the same agreement, TDR will receive round two funding from the Australian Government in the form of an additional $15.0 million borrowing. This would affect both the Cash and Deposits Note 10.1 and the Interest Bearing Liabilities Note 7.2.

Note 3: Income from Transactions

3.1 Attributed revenue from Government

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

	2014 $'000	2013 $'000
Continuing operations		
Attributed appropriation revenue – recurrent		
Current year	32,108	45,302
Total	**32,108**	**45,302**
Revenue from Government – other		
Attributed appropriation carried forward under section 8A(2) of the *Public Account Act 1986* taken up as revenue in the current year.	3,230	500
Total	**3,230**	**500**
Total attributed revenue from Government	**35,338**	**45,802**

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.

As part of a departmental chart restructure implemented in 2013-14, classification of transactions changed this financial year to more accurately reflect allocation of assets and liabilities, revenue and expenses across the department. A key aspect of this is that transactions and balances relating to Corporate Support Division activities were historically included in TDR's Financial Statements. They are now removed resulting in general lower comparative figures between years flowing throughout the Financial Statements.

3.2 Revenue from Special Capital Investment Funds

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

	2014 $'000	2013 $'000
Economic and Social Infrastructure Fund	-	249
Total	**-**	**249**

3.3 Grants

	2014 $'000	2013 $'000
Grants from the Australian Government		
Farm Finance Administration	1,500	-
Industry Capability Network – National Broadband Network	161	225
General grants	61	-
Total	**1,722**	**225**
Other grants		
General grants	-	150
Total	**-**	**150**
Total grants	**1,722**	**375**

3.4 Interest

	2014 $'000	2013 $'000
Interest	1,754	2,932
Total	**1,754**	**2,932**

3.5 Other revenue

	2014 $'000	2013 $'000
Investment property rental	767	1,032
Investment property other revenue	510	307
Other	930	914
Total	**2,207**	**2,253**

Note 4: Expenses from Transactions

4.1 Attributed employee benefits

	2014 $'000	2013 $'000
Wages and salaries	11,246	13,011
Annual leave	620	869
Long service leave	(780)	(127)
Sick leave	393	476
Superannuation – defined benefit scheme	189	220
Superannuation – contribution schemes	1,318	1,537
Other post-employment benefits	897	366
Other employee expenses	457	408
Total	**14,340**	**16,760**

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.5 per cent (2012-13 12.5 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 (2012-13 nine per cent) of salary. In addition, TDR is also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

As part of a departmental chart restructure implemented in 2013-14, classification of transactions changed this financial year to more accurately reflect allocation of assets and liabilities, revenue and expenses across the Department. This resulted in the classification of corporate support services employees as departmental employees thus significantly reducing TDR's employee benefits.

4.2 Depreciation and amortisation

(a) Depreciation

	2014 $'000	2013 $'000
Plant and equipment	78	118
Total	**78**	**118**

(b) Amortisation

	2014 $'000	2013 $'000
Intangibles	239	225
Leasehold improvements	182	186
Total	**421**	**411**
Total depreciation and amortisation	**499**	**529**

4.3 Supplies and consumables

	2014 $'000	2013 $'000
Audit fees – financial audit	64	69
Audit fees – internal audit	26	53
Operating lease costs	1,484	1,930
Consultants and contracted services	2,647	3,542
Property services	964	938
Maintenance	236	316
Communications	276	314
Information technology	1,227	989
Travel and transport	819	978
Advertising and promotion	821	855
Other supplies and consumables	612	727
Total	**9,176**	**10,711**

4.4 Grants and subsidies

	2014 $'000	2013 $'000
Grants	11,598	20,072
Subsidies	-	20
Sponsorship	113	95
Total	**11,711**	**20,187**

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

The major variance in Grants relates to the once-off payment of $10 million made for the Menzies Building stage two development in 2012-13.

4.5 Finance costs

	Notes	2014 $'000	2013 $'000
Interest expense			
Interest on bank overdrafts and loans		1,106	1,226
Total		**1,106**	**1,226**
Other finance costs			
Unwinding of discounting of provisions	7.3(b)	27	13
Other finance costs		5	419
Total		**32**	**432**
Total finance costs		**1,138**	**1,658**

Other finance costs

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

4.6 Other expenses

	2014 $'000	2013 $'000
Salary on-costs	80	37
Seminars and conferences	104	129
Expenses associated with investment property	2	16
Other	404	220
Total	**590**	**402**

Note 5: Other Economic Flows included in Net Result

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

	2014 $'000	2013 $'000
Revaluation of Investment Property	440	(630)
Impairment of Investment Property	(146)	-
Net gain/(loss) on disposal of non-financial assets	(8)	-
Net gain/(loss) on sale of non-financial assets	-	219
Total net gain/(loss) on non-financial assets	**286**	**(411)**

For investment properties refer to Note 6.5(b).

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

	2014 $'000	2013 $'000
Impairment reversals/(losses) for:		
Loans advances	1,488	3,158
Equity investments	(8)	13
Loan advances written off during the year	(1,552)	(3,422)
Total net gain/(loss) on financial instruments	**(72)**	**(251)**

Tasmanian Development Act 1983 loan advances impaired in 2013-14 related to Cattle Country Australia Pty Ltd ($54,000) and J & A Gretschmann ($235,000). Section 35 Loans Administered by TDR impaired in 2013-14 included Training Opportunities and Options for Learning Inc ($70,000) and Blockmack Pty Ltd ($160,000), refer to Note 6.2.

Equity investments impairment transaction during 2013-14 related to First Tasmania Investment Ltd, refer to Note 6.3.

Loan advances written-off in 2013-14 for Section 35 Loans Administered by TDR related to Tas-Air Pty Ltd ($1.5 million)

5.3 Other gains/(losses) from other economic flows

	Notes	2014 $'000	2013 $'000
Other finance costs	7.2	-	(7,050)
Total other gains/(losses) from other economic flows		**-**	**(7,050)**

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

Note 6: Assets

6.1 Receivables

	2014 $'000	2013 $'000
Receivables	292	402
Tax assets	356	963
Total	**648**	**1,365**
Settled within 12 months	648	1,365
Settled in more than 12 months	-	-
Total	**648**	**1,365**

6.2 Loan advances

	2014 $'000	2013 $'000
Section 35 Loans Administered by TDR	23,286	28,135
Bushfire Loan Recovery Program	1,365	-
Tasmanian Development Act 1983	4,834	3,056
Fire Damage Relief Act 1967	23	23
Farm Water Development Act 1985	721	959
Renewable Energy Loan Scheme	2,503	2,017
Less: Provision for impairment	(518)	(2,006)
Total	**32,214**	**32,184**
Settled within 12 months	12,656	8,490
Settled in more than 12 months	19,558	23,694
Total	**32,214**	**32,184**

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	2014 $'000	2013 $'000
Carrying amount at 1 July	**2,006**	**5,164**
Increase/(decrease) in provision recognised in net result	(1,488)	(3,158)
Carrying amount at 30 June	**518**	**2,006**

The decrease in the provision for impairment relates to loan advances written-off in 2013-14 Section 35 Loans Administered by TDR to Tas-Air Pty Ltd ($1.5 million).

Tasmanian Development Act 1983 loan advances impaired in 2013-14 related to Cattle Country Australia Pty Ltd ($54,000) and J & A Gretschmann ($235,000). Section 35 Loans Administered by TDR impaired in 2013-14 included Training Opportunities and Options for Learning Inc ($70,000) and Blockmack Pty Ltd ($160,000).

6.3 Equity investments

	2014 $'000	2013 $'000
Listed shares – at cost	2,412	2,412
Listed shares – converted	944	944
Unlisted equity instruments	4,362	4,382
Less: Provision for impairment	(7,698)	(7,690)
Total	**20**	**48**
Settled within 12 months	-	-
Settled in more than 12 months	20	48
Total	**20**	**48**

Listed shares

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

Unlisted equity instruments

First Tasmania Investments Ltd: TDR holds 2 402 105 ordinary shares in First Tasmania Investments Ltd. The shares have been valued at $Nil as at 30 June 2014.

North West Bay Ships Pty Ltd: TDR acquired 800 000 preference shares (7 per cent) of $1.00 each in June 2000. The shares have been valued at $Nil as at 30 June 2014.

SDT Australia Pty Ltd: TDR acquired 200 000 preference shares (9 per cent) of $1.00 each in June 2000. The company has not operated for the last four and a half years due to a lack of capital for further research and development. The shares have been valued at $Nil as at 30 June 2014.

Reconciliation of movement in provision for impairment of equity investments	2014 $'000	2013 $'000
Carrying amount at 1 July	**7,690**	**7,703**
Increase/(decrease) in provision recognised in net result	8	(13)
Carrying amount at 30 June	**7,698**	**7,690**

6.4 Property, plant and equipment and artwork

(a) Carrying amount

	2014 $'000	2013 $'000
Land		
Rural properties – at fair value (30 June 2014)	3,166	3,417
Total	**3,166**	**3,417**
Leasehold improvements		
At cost	2,018	4,048
Less: accumulated amortisation	(1,017)	(2,929)
	1,001	1,119
Work in progress (at cost)	-	-
Total	**1,001**	**1,119**
Plant and equipment		
At cost	1,038	1,314
Less: Accumulated depreciation	(931)	(1,190)
	107	124
Work in progress (at cost)	-	69
Total	**107**	**193**
Artwork		
At fair value (30 June 2014)	122	113
Total	**122**	**113**
Total property, plant and equipment and artwork	**4,396**	**4,842**

Rural properties

Rural properties are valued as at 30 June 2014 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.

Artwork

Artwork assets were independently valued with an effective date of 30 June 2014 by Bett Gallery Valuers. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

The valuation was undertaken by a specialist valuer who has expertise with the objects in question. For the majority of these assets the valuers use the market value basis, however for a small number of items with no current commercial activity, the valuers used the cost of these items at the time of commissioning with consideration for damage, wear and tear.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of property, plant and equipment and artwork 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.

2014	Land Level 2 (vacant land in active markets) $'000	Leasehold improvements $'000	Plant and equipment $'000	Artwork Level 2 $'000	Total $'000
Carrying value at 1 July	**3,417**	**1,119**	**193**	**113**	**4,842**
Additions	-	64	191	-	255
Disposals	(251)	-	(8)	-	(259)
Net transfers	-	-	(191)	-	(191)
Revaluation increments (decrements)	-	-	-	9	9
Depreciation and amortisation	-	(182)	(78)	-	(260)
Carrying value at 30 June	**3,166**	**1,001**	**107**	**122**	**4,396**

2013	Land $'000	Leasehold improvements $'000	Plant and equipment $'000	Artwork $'000	Total $'000
Carrying value at 1 July	**3,687**	**1,304**	**204**	**113**	**5,308**
Additions	-	-	107	-	107
Disposals	(270)	-	-	-	(270)
Depreciation and amortisation	-	(185)	(118)	-	(303)
Carrying value at 30 June	**3,417**	**1,119**	**193**	**113**	**4,842**

TDR has used the exemption under AASB 13.C3 that comparative information for periods before initial application of the standard need not be applied.

Transfers Between Categories

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

6.5 Investment property

(a) Carrying amount

	2014 $'000	2013 $'000
Land at fair value	4,260	4,420
Buildings at fair value	5,250	4,650
Less: Provision for impairment	(146)	-
Total	**9,364**	**9,070**

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

The latest revaluations as at 30 June 2014 were based on valuations undertaken by independent valuers Brothers and Newton Opteon. The valuations has been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 Fair Value Measurement which contains the following definition:

"Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

6.5 Investment property (continued)

(b) Reconciliation of movements (including fair value levels)

	2014 Level 2 $'000	2013 Total $'000
Carrying amount at 1 July	**9,070**	**9,700**
Net gains/(losses) from fair value adjustments	440	(630)
Impairment losses	(146)	-
Carrying amount at 30 June	**9,364**	**9,070**

6.6 Intangibles

(a) Carrying amount

	2014 $'000	2013 $'000
Intangibles with a finite useful life		
Software at cost	610	836
Less: accumulated amortisation	(610)	(597)
Total	**-**	**239**

(b) Reconciliation of movements

	2014 $'000	2013 $'000
Carrying amount at 1 July	**239**	**225**
Additions to work in progress	-	239
Amortisation expense	(239)	(225)
Carrying amount at 30 June	**-**	**239**

6.7 Other assets

(a) Carrying amount

	2014 $'000	2013 $'000
Other assets		
Prepayments	731	925
Other	-	1
Total	**731**	**926**
Utilised within 12 months	642	926
Utilised in more than 12 months	89	-
Total	**731**	**926**

(b) Reconciliation of movements

	2014 $'000	2013 $'000
Carrying amount at 1 July	**926**	**1,240**
Additions	731	926
Used-up	(926)	(1,240)
Carrying amount at 30 June	**731**	**926**

Note 7: Liabilities

7.1 Payables

	2014 $'000	2013 $'000
Creditors	20	33
Funds held in trust	-	782
Accrued expenses	428	910
Paid Parental Leave Scheme liabilities	-	13
Total	**448**	**1,738**
Settled within 12 months	448	1,738
Settled in more than 12 months	-	-
Total	**448**	**1,738**

Settlement is usually made within 30 days.

During 2012-13 funds held in trust related to funds held by TDR on behalf of the independent non-government entities of Brand Tasmania Council and Agreement on the Conservation of Albatrosses and Petrels (ACAP).

7.2 Interest bearing liabilities

(a) Carrying amount

	2014 $'000	2013 $'000
Loans from the State Government	6,110	6,580
Loans from the Australian Government	15,000	-
Loans from Tascorp	15,000	18,500
Total	**36,110**	**25,080**

(b) Maturity schedule

One year or less	9,948	3,500
From one to five years	26,162	21,580
Total	**36,110**	**25,080**

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

During July 2014, TDR repaid $9.478 million of its $15.0 million borrowing with the Australian Government relating to unused Farm Finance Loan Scheme round one funding. However, under the same agreement, TDR will receive round two funding from the Australian Government in the form of an additional $15.0 million borrowing.

7.3 Provisions

(a) Carrying amount

	2014 $'000	2013 $'000
Operating lease provisions	406	807
Operating lease make-good provisions	409	920
Total	**815**	**1,727**
Settled within 12 months	406	807
Settled in more than 12 months	409	920
Total	**815**	**1,727**

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

(b) Reconciliation of movements in provisions

	Operating lease make-good provision		Operating lease provisions		Total provisions	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balance at 1 July	**920**	**907**	**807**	**800**	**1,727**	**1,707**
Increases	27	26	-	7	27	33
Changes against the provision	(538)	-	-	-	(538)	-
Reversals	-	-	(401)	-	(401)	-
Changes in discounting	-	(13)	-	-	-	(13)
Balance at 30 June	**409**	**920**	**406**	**807**	**815**	**1,727**

Movements in lease provisions relate to the renegotiation of tenancy leases held by TDR and to increases in Government discount rates used to calculate the present value of provisions. In addition as part of a departmental chart restructure implemented in 2013-14 classification of transactions changed this financial year to more accurately reflect the allocation of assets and liabilities, revenue and expenses across the department. This resulted in the allocation of part of the operating lease provisions to corporate support services.

7.4 Attributed employee benefits

	2014 $'000	2013 $'000
Accrued salaries	297	533
Annual leave	750	1,138
Long service leave	1,760	2,821
State Service Accumulated Leave Scheme provision	43	89
Total	**2,850**	**4,581**
Settled within 12 months	1,222	1,970
Settled in more than 12 months	1,628	2,611
Total	**2,850**	**4,581**

As part of a departmental chart restructure implemented in 2013-14, classification of transactions changed this financial year to more accurately reflect allocation of assets and liabilities, revenue and expenses across the Department. This resulted in the classification of corporate support services employees as departmental employees thus significantly reducing TDR's employee benefits.

7.5 Other liabilities

	2014 $'000	2013 $'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the *Public Account Act 1986*	3,024	3,230
Other liabilities		
Employee benefits – on-costs	18	17
Other liabilities	132	21
Total	**3,174**	**3,268**
Settled within 12 months	3,162	3,257
Settled in more than 12 months	12	11
Total	**3,174**	**3,268**

Note 8: Commitments and Contingencies

8.1 Schedule of commitments

	2014 $'000	2013 $'000
By type		
Lease commitments		
Operating leases	14,183	33,866
Total lease commitments	**14,183**	**33,866**
Other commitments		
Loan commitments	22,991	6,260
Program/project commitments	26,916	27,107
Total other commitments	**49,907**	**33,367**
Total	**64,090**	**67,233**
By maturity		
Operating lease commitments		
One year or less	1,199	2,360
From one to five years	5,555	12,005
More than five years	7,429	19,501
Total operating lease commitments	**14,183**	**33,866**
Other commitments		
One year or less	18,120	13,568
From one to five years	31,472	19,799
More than five years	315	-
Total other commitments	**49,907**	**33,367**
Total	**64,090**	**67,233**

Operating leases are associated with rental costs for leased premises occupied by TDR, office equipment and motor vehicles leased through the government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 12 years.

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

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

8.2 Contingent assets and liabilities

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

(a) Quantifiable contingencies

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

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

	2014 $'000	2013 $'000
Quantifiable contingent liabilities		
Liability in respect of a guarantee to be given to Export Finance and Insurance Corporation in 2014-2015 for a value of €13 million (EUROS). This is to support further loan funding being provided to Adriatic Fast Ferries Ltd, (an associated entity within the Incat Group of companies), under its existing loan facility agreement. Ultimately, the provision of the guarantee will support the retention of jobs at the Hobart shipyard while further contracts for ferry construction are being negotiated. Conversion factor of 1.42 was used.	18,500	18,590
Total quantifiable contingent liabilities	**18,500**	**18,590**

(b) Unquantifiable contingencies

At 30 June 2014, TDR had two outstanding legal claims against it as detailed below. It is not possible at the reporting date to accurately estimate the amounts of eventual receipts or payments, if any, that may be required in relation to this claim.

1. Jill Mure vs Tasmania Development and Resources and the Recorder of Titles. The landowner is disputing the ownership of a strip of foreshore land at Tinderbox currently valued by TDR at $50,000. The matter has been adjourned to a date to be fixed by the Court.
2. TDR initiated an action to recover rental arrears from Tasmanian Organics Pty Ltd and its director, Mr Allan Branch arising from unpaid commitments pursuant to a lease at the Hobart Technopark.

Note 9: Reserves

9.1 Reserves

2014	Artwork $'000	Total $'000
Asset revaluation reserve		
Balance at the beginning of financial year	1	1
Revaluation increments/(decrements)	9	9
Transfers to/(from) reserves	-	-
Balance at end of financial year	10	10

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

(a) Nature and purpose of reserves

Asset Revaluation Reserve

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

(b) Asset revaluation reserve by class of assets

The balance within the asset revaluation reserve for the following class of asset is:

	2014 $'000	2013 $'000
Artwork	10	1
Total Asset revaluation reserve	10	1

Note 10: Cash Flow Reconciliation

10.1 Cash and deposits

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

	2014 $'000	2013 $'000
Special Deposits and Trust Fund balance		
T522 Economic Development Operating Account	26,794	14,835
T790 Government Guarantees Reserve Account	484	350
T941 Fire Relief Account	-	-
Total	**27,278**	**15,185**
Other cash held		
Cash on hand and at bank	1	1
Total	**1**	**1**
Total cash and deposits	**27,279**	**15,186**

10.2 Reconciliation of net result to net cash from operating activities

	2014 $'000	2013 $'000
Net result from transactions (net operating balance)	**3,567**	**1,364**
Increase (decrease) S8A(2) carry forwards	(206)	2,730
Depreciation and amortisation	499	529
Interest	53	(99)
Decrease (increase) in Receivables	716	1,861
Decrease (increase) in Other assets	195	314
Increase (decrease) in Attributed employee benefits	(1,731)	(481)
Increase (decrease) in Payables	(508)	418
Increase (decrease) in Provisions	(912)	20
Increase (decrease) in Other liabilities	113	(405)
Net cash from (used by) operating activities	**1,786**	**6,251**

Note 11: Financial Instruments

11.1 Risk exposures

(a) Risk management policies

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

» credit risk

» liquidity risk

» market risk.

The 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.

TDR is materially exposed to Norske Skog Paper Mills Australia Pty Ltd (43%). Concentration of credit risk by industry on loan advances is: Paper (43%), Tourism (21%).

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

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

Analysis of financial assets that are past due at 30 June 2014 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	404	57	9	178	**648**
Other Financial Assets – loan advances	4	4	4	30	**42**

Analysis of financial assets that are past due at 30 June 2013 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	1,170	73	36	86	**1,365**
Other Financial Assets – loan advances	4	4	4	34	**46**

(c) Liquidity risk

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

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

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

2014	Maturity analysis for financial liabilities							
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Undiscounted total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	447	-	-	-	-	-	447	447
Interest bearing liabilities	9,948	-	-	-	-	26,162	36,110	36,110
Total	**10,395**	**-**	**-**	**-**	**-**	**26,162**	**36,557**	**36,557**

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

11.1 Risk exposures (continued)

(d) Market risk

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

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

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

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

	2014 $'000	2013 $'000
Fixed rate instruments		
Financial assets	668	1,413
Financial liabilities	(15,447)	(16,738)
Total	**(14,779)**	**(15,325)**
Variable rate instruments		
Financial assets	41,536	42,422
Financial liabilities	-	(3,500)
Total	**41,536**	**38,922**

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 2014				
Cash and deposits	93,223	(93,223)	93,223	(93,223)
Loan advances	322,136	(322,136)	322,136	(322,136)
Interest bearing liabilities	(150,000)	150,000	(150,000)	150,000
Net sensitivity	**265,359**	**(265,359)**	**265,359**	**(265,359)**
30 June 2013				
Cash and deposits	102,385	(102,385)	(102,385)	(102,385)
Loan advances	321,838	(321,838)	(321,838)	(321,838)
Interest bearing liabilities	(185,000)	185,000	185,000	185,000
Net sensitivity	**239,223**	**(239,223)**	**(239,223)**	**(239,223)**

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2013.

11.2 Categories of financial assets and liabilities

	2014 $'000	2013 $'000
Financial assets		
Cash and deposits	27,280	15,186
Loans and receivables	32,862	33,549
Available-for-sale financial assets	20	48
Total	**60,162**	**48,783**
Financial liabilities		
Financial liabilities measured at amortised cost	36,557	26,818
Total	**36,557**	**26,818**

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

	Carrying amount 2014 $'000	Net fair value 2014 $'000	Carrying amount 2013 $'000	Net fair value 2013 $'000
Financial assets				
Other financial assets				
Equity investments	20	20	48	48
Total financial assets	**20**	**20**	**48**	**48**

11.4 Net fair values of financial assets and liabilities

2014	Net fair value Level 1 $'000	Net fair value Level 2 $'000	Net fair value Level 3 $'000	Net fair value Total $'000
Financial assets				
Other financial assets				
Equity investments	-	20	-	20
Total financial assets	**-**	**20**	**-**	**20**

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

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

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

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

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

Financial assets

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

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

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

Financial liabilities

The net fair values of payables approximate their carrying amounts.

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

Tasmanian Government

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