



Sydney Harbour Foreshore Authority Annual Report 2005/06



## Letter to the Minister

The Hon. Frank Sartor MP  
Minister for Planning  
Level 34, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Minister

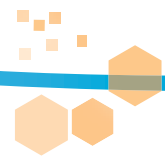
I have pleasure in submitting the Annual Report for Sydney Harbour Foreshore Authority for the year ended 30 June 2006.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance Audit Act 1983* and the Regulations under those Acts.

Yours sincerely

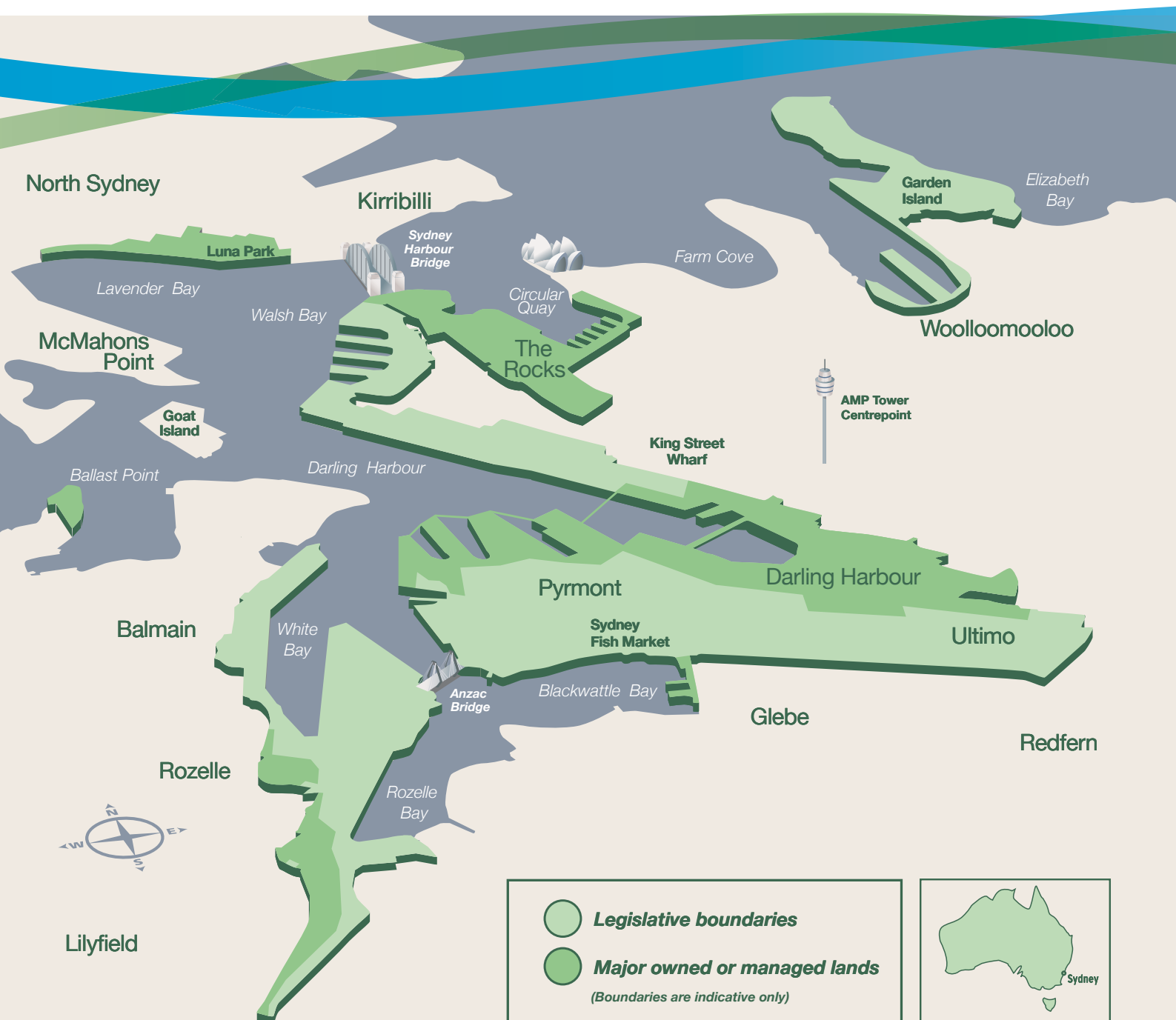
A handwritten signature in black ink that reads "Jon Isaacs". The signature is written in a cursive, flowing style.

**Jon Isaacs**  
Chairman  
Sydney Harbour Foreshore Authority



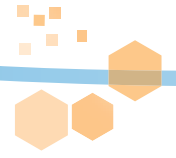
# Contents

<b>Letter to the Minister</b>	<b>Opposite page</b>
<b>At a glance</b>	<b>2</b>
Performance highlights 2005/06	4
Statement by the Chairman	6
Statement by the Chief Executive Officer	7
<b>Excellence in business</b>	<b>8</b>
<b>Serving our communities</b>	<b>14</b>
Place management	15
Place creation	17
Spotlight on East Darling Harbour	18
Community services	19
Spotlight on The Rocks Discovery Museum	21
Exciting events	22
<b>Sustainability in action</b>	<b>26</b>
Securing the environment	27
Heritage conservation	29
Spotlight on Cumberland Dig Site	31
<b>Corporate governance</b>	<b>32</b>
Board members	34
Organisation chart and Executive team	36
<b>Our people</b>	<b>40</b>
Spotlight on CPR Chris and Diamond Fred	43
<b>Financial statements</b>	<b>47</b>
Sydney Harbour Foreshore Authority	49
Office of the Sydney Harbour Foreshore Authority	81
Sydney Harbour Foreshore Authority Casual Staff Division	95
<b>Index</b>	<b>103</b>
<b>Contact us</b>	<b>Inside back cover</b>



Sydney Harbour Foreshore Authority is responsible for Sydney's most historically and culturally significant waterfront locations as shown on this map.

The care, protection, management and promotion of this land and the important buildings upon it have been entrusted to the Foreshore Authority under the *Sydney Harbour Foreshore Authority Act 1998*.



## At a glance

### Who we are

Sydney Harbour Foreshore Authority is a NSW Government agency that owns and manages Sydney's most important heritage, cultural and tourist precincts, at The Rocks and Darling Harbour.

With over \$1 billion of assets, the Foreshore Authority manages significant commercial and retail leases, provides security, cleaning, building maintenance and other facility management services, cares for the public domain and over 100 heritage buildings, and undertakes tourism services, marketing and events that attract more than 30 million visitors<sup>1</sup> every year.

The Foreshore Authority also owns sites at White Bay Power Station, Rozelle railway yards and Ballast Point and manages major waterfront assets around Sydney Harbour on behalf of other agencies.

### Vision

*To make unique places in Sydney that the world talks about.*

Our precincts are unique Sydney icons – The Rocks is renowned for its historical and cultural significance and Darling Harbour is one of the world's best waterfront entertainment destinations.

### Purpose

*Creating and sustaining living places and great experiences.*

Our key role is to be an expert place maker by managing places profitably and sociably, promoting places effectively, developing places responsibly and managing our organisation efficiently.

### Charter

#### • Community

Enhance the Foreshore Authority's areas as accessible, rich and diverse environments for all communities, while protecting their natural and cultural heritage.

#### • Visitor

Increase visitation and yield while exceeding stakeholder expectations and maintaining accessibility.

#### • Commercial – core and growth

- Generate agreed rates of return from existing business activities to fund operating costs.
- Meet community service obligations, dividend obligations and basic capital investment requirements.
- Within a capital and risk constrained environment, seek and exploit opportunities to generate future revenue streams.

#### • Economic development

- Recognise and encourage the generation of economic benefits to the State and balance these with the need to produce direct financial returns so as to sustain long term financial viability.

### Our brand – what we stand for

The Foreshore Authority uniquely adds value to precincts and provides outstanding customer service to stakeholders, including:

- Partnering with **tenants** to enable business and precinct success.
- Making living places and great experiences for **visitors**.
- Delivering **community** service by caring for the foreshore at the heart of Sydney – past, present and future.
- Proudly working with **employees** to make a difference in our precincts.

<sup>1</sup> The number of people movements recorded.  
See page 25 for details on how figures are calculated.

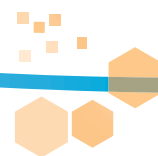
## Performance highlights 2005/06

### Our precincts

- Invested a total of \$44 million in capital projects in The Rocks, Darling Harbour and other managed places.
- Established The Rocks Discovery Museum, the first free museum to showcase the unique heritage of The Rocks - page 21.
- Installed 14 closed-circuit television cameras throughout The Rocks to enhance safety and security - page 15.
- Commenced a project to transform Cumberland Dig Site at The Rocks into a world-class educational and historical interpretation facility - page 31.
- Installed Sydney CBD's only water harvesting facility at Darling Harbour - page 27.
- Commenced \$50 million upgrade works to make Sydney Convention and Exhibition Centre the best in the region - page 10.
- Completed a \$1.3 million upgrade of Cockle Bay Marina to improve berthing facilities for tourist-based activities and the public - page 10.
- Established a one-stop shop strategy to tell the story of The Rocks through signage and interpretation - page 29.

### Our business

- Used unique urban renewal management skills to conduct an international design competition for East Darling Harbour - page 18.
- Conducted educational tours for 14,100 children, an increase of 4 per cent on the previous year - page 19.
- Opened Sydney's largest state of the art visitor centre at The Rocks - page 12.
- Received a NSW Tourism Award for The Rocks marketing campaign - page 16.
- Invested more than \$22 million in community services, events and initiatives - pages 19.
- Determined development applications in an average of 26.25 days, an improvement on the 32.4 days in 2004/05 - page 11.
- Reduced workers compensation premium by half, by reducing claims and improving claims management - page 43.



Strategy	Key performance indicator	Target 2005/06	Result 2005/06	Target 2006/07
<b>Financial</b>				
Consolidate the business profitably	Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$10.337 million	\$11.558 million	\$13.926 million
Increase sustainable revenue streams	Revenue growth	> 3%	3.2%	> 4%
No budget cost overruns	Expense overruns	0%	0%	0%
Utilise assets efficiently	Commercial EBITDA return on assets	8%	7.6%	8%
<b>Manage the business</b>				
Focus on continuous improvement	Vacancy rate	< 8%	6.3%	< 8%
	Revenue overdue by more than 90 days	< 4%	0.4%	< 4%
Ensure a safe and healthy workplace	Annual sick days per staff member	< 4.5	4.6	< 4.5
	Annual reported safety incidents per staff member	0	0.11	0
Protect the environment	Reduction in energy and water consumption	5%	Energy: 4.8% Water: 6.1%	5%
<b>Customers and stakeholders</b>				
Add value to our tenants' businesses	Tenant sales turnover increase	> 3%	5.98%	> 3%
Provide excellent service	Customer enquiry response time	< 3 days	1.2 days	< 3 days
	Visitor satisfaction	> 8 out of 10	8.35 out of 10	> 8 out of 10
	Average Sydneysider visitor spend	> \$50	The Rocks: \$66 Darling Harbour: \$62	> \$55
Increase visitation to our precincts	Change in visitor numbers compared to previous year	3%	The Rocks: +0.5% Darling Harbour: -1.5% Average: -0.5 %	3%
Improve the visitor experience	Average length of visitor stay	2 hours 30 minutes	The Rocks: 3 hours 22 minutes Darling Harbour: 3 hours 40 minutes	2 hours 30 minutes
Satisfy community expectations	Number of safety related incidents per 100,000 visitors	< 5	The Rocks: 1.4 Darling Harbour: 0.25	< 5
<b>Our people</b>				
Attract and retain highly competent and motivated employees	Training days per staff member	> 3	> 3	> 3
	Turnover for full and part-time staff	< 15%	9.1%	< 15%



### Statement by the Chairman

Good corporate governance has been the foundation of Sydney Harbour Foreshore Authority's success this year. Our stewardship of Sydney's precious harbourside assets is predicated not only on sound business performance, but also on accountability, transparency and probity.

These qualities can only come from within and in setting the strategic direction the Board has enhanced the Foreshore Authority's governance framework and instituted a rigorous review of its policies.

Fundamental to this process has been a review of the code of conduct, which applies equally to Board members and staff. As well, the Board updated policies relating to environmental management, privacy, protected disclosures, occupational health and safety and drugs and alcohol.

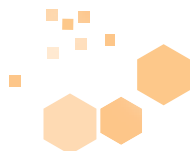
This year's outcomes are a reflection of the collective capabilities that our Board members bring to the table. We have a Board that is dynamic, enthusiastic and thoroughly professional in its performance. Our constructive partnership with the Executive is a key part of the Foreshore Authority's success.

Let me also take this opportunity to thank retired members Helen Wright and Penny Morris for their outstanding service since the Foreshore Authority's inception.

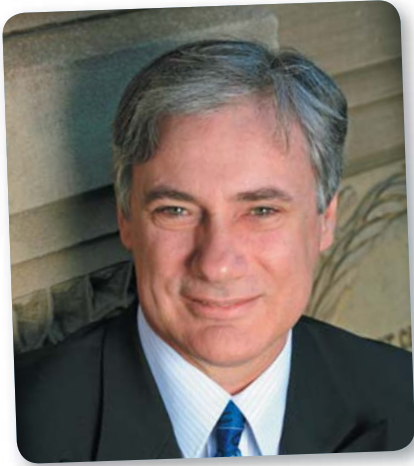
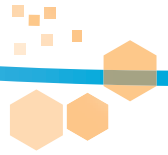
Finally, I would like to convey my respect and gratitude for the efforts and abilities of Sydney Harbour Foreshore Authority's CEO and staff. Their proficiency and expertise has been rewarded with the Government's confidence in entrusting the Foreshore Authority with the renewal of the last great tract of harbour foreshore land at East Darling Harbour – a challenge to which I'm certain we will rise and deliver.

A handwritten signature in black ink that reads "Jon Isaacs". The signature is fluid and cursive.

**Jon Isaacs**  
Chairman







### Statement by the Chief Executive Officer

After three years as Chief Executive Officer of Sydney Harbour Foreshore Authority, I am proud to reflect on our growth as an organisation. The past year in particular has seen unsurpassed achievements in terms of business excellence, the service we provide to the community, sustainability and people management.

From a financial viewpoint, our projected revenues will ensure long term sustainable returns on our capital investments. As manager of more than \$1 billion of prime foreshore real estate, the Foreshore Authority has exceeded its targets for both revenue growth and expenditure containment, with operating earnings before interest tax depreciation and amortisation of \$11.6 million. This is \$4.4 million ahead of 2004/05 and \$1.2 million ahead of budget.

With record expenditure of \$44 million on capital projects, we have made significant asset improvements to our major precincts at The Rocks and Darling Harbour which will in turn generate more income for both ourselves and our tenants. We have reduced tenant vacancies to 6.3 per cent, below the CBD average of 9.5 per cent, and our tenants' sales turnover increase is more than double the target for the year.

Attracting visitors to our precincts is only part of the story. The Foreshore Authority has made major improvements to security in The Rocks with 14 new closed-circuit television cameras installed and monitored around the clock. We have worked with our business partners at Darling Harbour to provide better signage. We have staged events that have attracted massive crowds – a total of more than 1.5 million people over the year. And we have listened to our stakeholders through regular tenant forums and visitor surveys to make sure our activities and precincts are relevant to their needs, as well as those of the community at large.

Sustainable business practices have become a mantra for the Foreshore Authority. Our preservation of The Rocks for future generations has been consolidated with the opening of The Rocks Discovery Museum, for which we won the EnergyAustralia National Heritage Trust Award.

We also set the benchmark for water recycling in the Sydney CBD with the city's first stormwater harvesting and recycling system at Darling Harbour.

Of course, no organisation can achieve outstanding results without outstanding people, and the year's achievements are a reflection of the dedication and professionalism of all our staff. By aiming to become an employer of choice, the Foreshore Authority will continue to attract, develop and retain quality people for the challenges that lie ahead.

Our staff are supported by an outstanding Executive and a Board that provides solid strategic direction and robust governance. Together we will strive to deliver more outstanding results for the Government and people of Sydney and New South Wales.

**Dr Robert Lang**

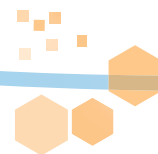
Chief Executive Officer



The Bayside Room was opened in the Sydney Convention and Exhibition Centre, continuing Sydney's world-class standing in the convention and exhibition market.

Sydney Harbour Foreshore Authority sets high standards and strives to achieve business excellence in a diverse range of activities, from investment and capital projects to social responsibility and marketing.

Major achievements include opening The Rocks Centre and upgrading Cockle Bay Marina and the Chinese Garden of Friendship in Darling Harbour.



## Excellence in business

### Greater variety of shops and restaurants

A new leasing strategy was implemented in The Rocks during the year to enhance the tenancy mix. With a focus on improving the lifestyle, food and beverage offerings, the strategy will help maximise the precinct's appeal to Sydneysiders and visitors.

Leasing plans and marketing collateral were established for new commercial office space in the refurbished Argyle Stores and Cleland Bond Stores. This leasing framework will guide leasing plans for future new commercial space in The Rocks.

Three expressions of interest were also released for specific premises and successfully secured new retailers for The Rocks Centre and a doctor for a vacant George Street surgery.

### Properties and tenants

In The Rocks, the Foreshore Authority owns and maintains 94 heritage buildings and manages 200 fixed tenants and 130 tenants of The Rocks Market. The Rocks is a retail precinct containing numerous shops, restaurants, pubs, museums and hotels for which the Foreshore Authority is the landlord and centre manager. It is also a business precinct with a large number of commercial businesses operating under lease from the Foreshore Authority.

The Foreshore Authority received more than \$30.4 million in rental revenue in the financial year from 81,258 square metres of retail, commercial and residential buildings under management in The Rocks.

The focus of the Foreshore Authority in The Rocks is to support tenants in maintaining viable enterprises, while also driving a leasing strategy designed to ensure the long term viability of the precinct.

In Darling Harbour, the Foreshore Authority manages 105 tenancies, comprising waterfront cafés, restaurants and bars, contemporary shopping, and many of Sydney's top attractions.

The Foreshore Authority continued its tenant services during 2005/06, including daily cleaning activities throughout the precinct's buildings, public domain and public amenities, 24-hour ranger security services and best-practice horticulturist and landscaping work in the precinct's extensive parks and gardens.

The Foreshore Authority received more than \$14 million in rental revenue in the financial year from 12,941 square metres of property under management in Darling Harbour.

### Revitalisation investment plan

This year the Foreshore Authority embarked on a five-year revitalisation program for The Rocks and Darling Harbour.

Projects worth a total of \$19 million were undertaken in The Rocks to make the precinct a lively, dynamic and sustainable place for its tenants and visitors. A project to widen George Street footpath was largely completed; commercial buildings in The Rocks were refurbished to deliver better use and return; The Rocks Centre and Rocks Square were refurbished; and The Rocks Discovery Museum was opened.

At Darling Harbour, the Foreshore Authority invested in the upgrade of the Chinese Garden of Friendship; upgraded Cockle Bay Marina and commenced a major refurbishment of the Sydney Convention and Exhibition Centre to ensure that it remains Australia's premier convention and exhibition facility.

In addition to meeting financial and investment targets, the Foreshore Authority also continues to focus on meeting the expectations of its tenants, visitors and other stakeholders. In 2006/07, the Foreshore Authority will undertake further capital projects so that both precincts can maintain their prominence in Sydney's tourism and entertainment sectors.

### Managing \$1 billion in assets

The Foreshore Authority developed a series of strategies to lead the organisation towards excellence in managing its assets and aligning them with service delivery and whole of life requirements. The Foreshore Authority's total asset management strategies are consistent with both industry best practice and NSW Treasury guidelines.

The strategies set the direction for managing the diverse asset portfolio and provide a means of maximising return on investment. By generating sustainable revenue, the Foreshore Authority will be able to continue to protect and enhance the cultural heritage for which it is responsible. The plans will also help to deliver safe, secure, clean and well-maintained venues for public recreational, educational, entertainment and cultural activities, at the lowest possible long term cost.



*The Chinese Garden of Friendship received a \$1.6 million upgrade*

### Chinese Garden facelift

The Foreshore Authority completed a \$1.6 million upgrade of Darling Harbour's Chinese Garden of Friendship to preserve the Garden's serenity while opening it up to more visitors. The works were designed to improve public access for families and people with disabilities and better integrate the Garden with the surrounding precinct. The main entrance was widened, a new wheelchair and pram ramp was constructed and the traditional Chinese Teahouse was relocated to create a new, accessible 120-seat café and function centre.

Renowned Feng Shui expert and architect Howard Choy was engaged to ensure the upgrade did not compromise the flow and containment of chi, or 'energy of the land', through the Garden.

During the year, the Garden attracted 182,000 visitors.

### Cockle Bay Marina upgrade

A central feature of Darling Harbour, Cockle Bay Marina, received a \$1.3 million facelift to create a state of the art boating facility. The works have increased power and water supply to the berths, upgraded access to the marina for a wider range of boat users and incorporated a small ticketing facility under the marina tower.

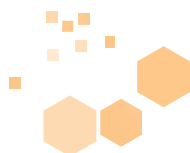
The 52-berth marina services short term public needs and provides berths for some commercial operators such as jet boats, water taxis, 'learn to sail' and whale watching vessels. It also acts as the focal point for the annual Sydney International Boat Show in August, which injects over \$300 million in sales for the boating industry.

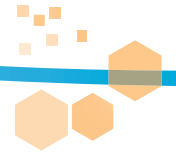
### Creating a world-class convention centre

The Foreshore Authority embarked on the first year of a \$50 million five-year plan to upgrade Sydney Convention and Exhibition Centre, ensuring that Sydney retains its world-class standing in the convention and exhibition market.

In 2005/06, the Foreshore Authority spent \$15 million on a variety of capital projects including a new waterfront business centre called the Bayside Lounge, as well as upgrades to the exhibition facilities, lighting, technology and signage throughout the Centre.

The new Bayside Lounge offers up to 250 convention delegates and exhibitors a wireless-tech lounge, with an impressive view of Darling Harbour, where they can work, drink or dine a la carte.





## Attracting business

Throughout the year, the Foreshore Authority undertook several marketing activities to position The Rocks and Darling Harbour as high value business, event and visitor destinations.

In May 2006, the Foreshore Authority implemented an online competition that attracted more than 8,500 new Club Darling Harbour members, increasing the membership base by more than 50 per cent.

Now in its fourth year, Club Darling Harbour is an exciting customer privilege program that continues to attract members who love visiting Darling Harbour. The initiative provides special offers across a range of Darling Harbour's many attractions including dining, shopping, entertainment and accommodation.

Another Foreshore Authority incentive program, the Sydney Visitor Pass, was continued throughout the year. The Pass entitles the holder to exclusive leisure, dining and shopping benefits, and is provided to business and leisure tourism visitors, including meetings, conferences and exhibition attendees, as well as cruise passengers and navy personnel.

In July 2005, the Foreshore Authority participated in Sydney on Sale, Australia's premier events show for meeting and event planners. The Foreshore Authority set up a booth with five cooperative partners from Darling Harbour – the Chinese Garden of Friendship, King Street Wharf, Cockle Bay Wharf, Darling Park and Sydney Aquarium. During the event the Foreshore Authority and its partners met with more than 350 meeting and event buyers. A survey of some of the 5,000 event attendees found that 83 per cent intended to place business with exhibitors as a result of attending Sydney on Sale.

The Foreshore Authority continued to promote The Rocks and Darling Harbour on its specialised website [www.sydneyforevents.com.au](http://www.sydneyforevents.com.au), the key directory of the precinct's conference and event venues, incentive activities and associated business tourism products and services. The website targets business tourism clients in Australia and overseas.

The Foreshore Authority also provided funding to Sydney Convention and Visitors Bureau and worked with them to attract business tourism to the precincts.

## Promoting international business

The Foreshore Authority secured more than 130 scheduled appointments with buyers from both western and eastern hemispheres at Australian Tourism Exchange (ATE), Australia's foremost tourism trade event. The Foreshore Authority initiated relationships with inbound tour operators and wholesalers and negotiated contracts for selling the Foreshore Authority's tourism products – Technical Insight Tours, Sydney Learning Adventures and The Rocks Pub Tour.

## Securing competitive contracts

Seventeen tender processes were conducted by the Foreshore Authority in 2005/06, resulting in successful contracts such as the George Street footpath widening project, restoration of Dawes Point Seawall and a precinct cleaning contract for Darling Harbour. The contracts have ensured that the Foreshore Authority achieves the best value for money on competitive commercial terms.

## Assessing above targets

In 2005/06, the Foreshore Authority assessed 254 development applications (DAs) and 68 modifications to DAs. Of these, 11 were major applications determined by the Minister for Planning and the remaining were determined by the Foreshore Authority under delegation from the Minister and the Director-General of the Department of Planning.

Eighty-one per cent of DAs were determined within 40 days, exceeding the Foreshore Authority's target of 75 per cent. The average determination time for DAs was 23 days, which is an improvement on the 32.4 days in 2004/05. The median determination time for DAs was 13 days. These times are significantly quicker than the NSW local government average of 53.5 days in 2004/05.

Eighty-eight per cent of modifications were determined within 40 days, again exceeding the Foreshore Authority's target of 75 per cent. The average determination time for modifications was 18 days, with a median of 13 days.



*The Sydney Visitor Centre in The Rocks is the largest in Sydney*

### Breathing life into the heart of The Rocks

In December 2005, the Foreshore Authority reopened The Rocks Centre to provide a new heritage and retail centre for the heart of the precinct. The Centre houses a vibrant mix of retail shops and restaurants and The Rocks' Sydney Visitor Centre, helping to refocus The Rocks as a precinct for both tourists and Sydneysiders.

The \$4.8 million refurbishment incorporated environmentally sustainable design principles including the use of natural light and ventilation, as well as best practice heritage interpretation and preservation methods.

The Rocks Square has also been upgraded to serve as a central meeting place with a redesigned open-air food court and shade canopy.

The Sydney Visitor Centre was relocated from George Street to the larger space in The Rocks Centre, making it the largest visitor centre in Sydney. It now offers a wider variety of information and booking services, a dedicated retail section and an internet lounge.

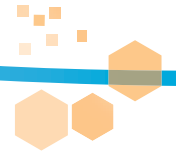
### George Street footpath widened

The Foreshore Authority undertook a project to widen the footpath along George Street as part of a broader repositioning strategy to make The Rocks more pedestrian friendly and to encourage pedestrian movement through the precinct.

Works on the \$3.6 million project started in October 2005 and will be completed in September 2006. The Foreshore Authority collaborated with tenants to ensure the various stages of work caused minimum disruption to their business.

In 2006/07, the Foreshore Authority will work with tenants to introduce alfresco dining along George Street to enliven the precinct.





### **Tapping into the knowledge bank**

The Foreshore Authority invested in knowledge management and innovation during the year, recognising that both are essential to growth in such a highly competitive business environment.

The Foreshore Authority has developed a knowledge management initiative that aims to improve knowledge development and sharing in the organisation through cultural change and technology. Knowledge management encourages the identification of existing knowledge; creates opportunities to generate new knowledge; and provides tools to apply what the Foreshore Authority knows to meet its strategic goals.

The Foreshore Authority also introduced a new online innovation module, which allows individual staff at all levels to evaluate their own innovative ideas and provides the framework to help those ideas develop from concept to creation. The innovation module is easy to use and features an 'idea wizard', case studies and a forum where staff can discuss and exchange views on ideas. Staff can also use an innovation space for brainstorming and evaluating new and creative ideas and concepts for the Foreshore Authority.

### **Keeping track of performance**

A new and improved performance reporting scheme was introduced to better measure the Foreshore Authority's current performance against the Corporate Plan and historical and industry benchmarks. Key performance indicator reporting is now interactive and provides enhanced discussion and decision making among the Foreshore Authority's leadership team.

### **Responding to customers efficiently**

The Foreshore Authority is committed to handling public enquiries courteously and efficiently and, in the case of complaints, responding quickly, equitably and in accordance with procedures detailed in the Foreshore Authority's Complaints Handling Policy.

Under the policy, all written complaints must be acknowledged within 48 hours of their receipt and a final reply issued within seven working days.

The Foreshore Authority's Customer Request Management System captured 345 complaints in 2005/06. The majority of these were resolved immediately and the remainder within five working days.

### **Safeguarding information systems**

The Foreshore Authority introduced an Information Management and Technology Disaster Recovery Strategy to protect critical business processes from major failures of information systems or disasters. The strategy aims to minimise disruption to the Foreshore Authority and its customers and ensure timely resumption of critical business activities.

The strategy was tested to withstand simulated disasters, including loss of the Foreshore Authority's critical servers, head office and external operations centre. Testing demonstrated that the strategy was successful in allowing access to critical business systems from both internal and external sites following a disaster.

### **Reducing outstanding debt**

The Foreshore Authority continued to effectively and efficiently manage property debtors with improved debtor management processes. Debtors were reduced to a low of 0.4 per cent of lease revenue, well below the 4 per cent target.

### **New units for Pyrmont**

During the year, the Foreshore Authority finalised the sale of Site M North in Pyrmont to Sydney Inner City Developments for \$3.5 million. Site M North was the Foreshore Authority's last freehold site in Pyrmont and its sale completed a program established by the former City West Development Corporation.

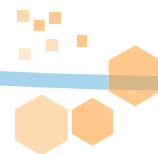
The site will now be developed for 32 residential units, a café and a park.



During the year more than 14,000 students enjoyed an educational and entertaining journey through some of Sydney's most famous and historical places in The Rocks, Darling Harbour and Pyrmont.

Sydney Harbour Foreshore Authority is an expert place manager that manages its precincts profitably and socially and promotes places effectively. In doing so, the Foreshore Authority gears its marketing, events, services and activities towards its customers – including tenants, visitors and the community.





## Serving our communities

### Place management

#### Cameras keep eye on The Rocks

The Foreshore Authority installed 14 new closed-circuit television cameras throughout The Rocks to improve security for visitors. The cameras are located at major access points around the precinct and connect to a control room in The Rocks, allowing the Foreshore Authority to monitor crowds and locate any incidents 24 hours a day, seven days a week.

The cameras ensure the Foreshore Authority's Rangers and emergency crews can be quickly despatched to an area in an emergency.

The Rocks control room is also linked by fibre-optic connections to the Foreshore Authority's Darling Harbour control room, which will provide back-up if there is a technical fault. The Rocks and Darling Harbour systems can be connected to the Police Operations Centre at Surry Hills through a link shared with the Roads and Traffic Authority during major events.

#### New office space in historic store house

The Foreshore Authority is creating new commercial space in The Rocks by refurbishing the Argyle Stores and Cleland Bond building. The refurbishment is part of a series of improvements that will enable Argyle Stores and adjacent properties to position themselves against competitors and to establish a local identity in the heritage quarter that will contrast the neighbouring CBD.

The Foreshore Authority is committed to offering commercial areas in The Rocks in a relaxed, welcoming atmosphere to complement the precinct's well established entertainment and leisure activities.

As one of the oldest existing store houses in Australia, the Argyle Stores refurbishment will be sympathetic to State Listed Heritage building guidelines. The work incorporates environmentally sustainable features such as energy efficient lighting and contemporary design to create an attractive office space for prospective tenants. The refurbishment is due for completion in November 2006.

#### Markets at The Rocks

The Rocks Market, presented by the Foreshore Authority, is one of Sydney's leading lifestyle markets. It attracted around 1.2 million visitors during the year. Open every Saturday and Sunday from 10am to 5pm, the all weather market features 150 stalls with arts, crafts, homewares and collectables. Street theatre and musical performances add to the atmosphere.

#### Cheers to The Rocks Pub Tour

In 2005/06, lively and well-informed guides from the Foreshore Authority led 1,645 participants through the cobblestone lanes and unique history of The Rocks to three of Sydney's favourite pubs.

An increasing number of international visitors took part in the tour during the year, in particular, people from the US and the UK. Pub Tour revenue also increased by 3 per cent on the previous financial year.

See the table below for trends in The Rocks Pub Tour.

#### Keeping historic stonework in top shape

Extensive sandstone conservation works were performed in the basement areas of Unwin Stores located at 77-85 George Street, The Rocks. Work included replacing deteriorated and missing stones, which will greatly assist in conserving the original stone fabric and improving the heritage interpretation of the building.

#### The Rocks Pub Tour

*This table shows trends in the Foreshore Authority's The Rocks Pub Tour.*

	2003/04	2004/05	2005/06
<b>Number of tours</b>	252	231	215
<b>Number of participants</b>	1,273	1,941	1,645
<b>Recommendation rate (%)</b>	98	100	99
<b>Revenue</b>	\$32,168	\$48,335	\$49,736

### Fresh paint for The Rocks

The Foreshore Authority continued its cyclic maintenance painting program to preserve and enhance the appearance of The Rocks. Assets that were painted in 2005/06 included the Metcalfe Bond building, Oyster Bar, various residential terraces, street furniture and fencing.

### Image is everything

The Foreshore Authority's successful branding campaigns for The Rocks and Darling Harbour continued to drive visitation to the precincts for the benefit of tenants.

The 'Rocks Right Now' brand campaign moved into its fifth year, focusing on the variety of activities, attractions and cultural experiences available in The Rocks.

At the State Tourism Awards in November 2005, the campaign was recognised as the best marketing promotion of its type in NSW, winning the accolade in the Destination Promotion category. The campaign had successfully boosted visitation numbers by 5 per cent between 2003/2004 and 2004/05 while positioning the iconic precinct as one of Australia's leading tourism destinations.

The results of a Pure Profile survey conducted in June 2005 found that 44 per cent of respondents who had seen the advertising were encouraged to visit The Rocks in the near future.

The 'Play Darling Harbour' brand campaign also continued into its fourth year, highlighting the shopping, attractions and cultural experiences on offer. A campaign highlight was the

online competition that increased the membership base of Club Darling Harbour by 50 per cent.

Brand recall results for both campaigns are shown in the table below.

### Alfresco dining at Darling Harbour

The Foreshore Authority adopted a Darling Harbour Commercial Outdoor Seating Policy to help manage outdoor seating and ensure public safety and urban aesthetics. The policy encourages uniformity within and between outdoor seating areas, the use of high quality outdoor seating and comfortable conditions for patrons.

Outdoor seating areas attached to cafés, restaurants and bars contribute significantly to Darling Harbour's atmosphere by enlivening pedestrian walkways. The Policy will help manage outdoor seating and ensure that it enhances rather than detracts from the precinct's special character.

### Keeping the signs clear

To help ensure that signs in Darling Harbour enhance the overall commercial and visitor environment, the Foreshore Authority introduced a new signage policy. Consultations were held with the Darling Harbour Business Association to achieve the best possible balance between planning controls and commercial objectives.

A manual was prepared to assist building owners and businesses in Darling Harbour to design and construct acceptable signage.

### Staying connected

The Foreshore Authority completed a \$140,000 project to repair existing fibre cabling within Darling Harbour so that it could be reused in wide area network (WAN) connections in The Rocks and Darling Harbour. A WAN network was also provided for closed circuit television to meet camera requirements in both precincts. All remote sites achieved an eightfold increase in speed, while halving ongoing yearly WAN costs.

### Urban Stream upgraded

The 200-metre-long Urban Stream Pool 7, stretching from Tumbalong Park to the Sydney Convention and Exhibition Centre in Darling Harbour, was upgraded during the year. The \$620,000 works have made the 17-year-old pool easier to maintain and operate in the long term, while improving its visual appeal.

### Expert place management

As a leader in place management, the Foreshore Authority has been contracted to manage the Overseas Passenger Terminal (OPT) at West Circular Quay on behalf of Sydney Ports Corporation and the Circular Quay Wharves on behalf of NSW Maritime Authority. The Foreshore Authority enhances these precincts by effectively managing leases, tenancies and events.

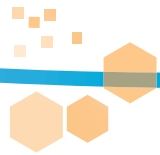
In 2005/06, OPT restaurants reported good trade and various successful events were staged, continuing the Foreshore Authority's relationship with Sydney Ports Corporation. The 11th annual Mercedes Australian Fashion Week, the Buddy Bears exhibition and the Soccer World Cup trophy tour attracted thousands of people to the precinct and generated positive international coverage.

The Foreshore Authority's relationship with NSW Maritime Authority also remained strong. Wharf 2 at Circular Quay was rebuilt after an earlier ferry accident and now incorporates a

### Brand recall results

The continuing success of the Foreshore Authority's 'The Rocks Right Now' and 'Play Darling Harbour' brand campaigns is shown in this table.

	Target	2005/06	2004/05
The Rocks brand recall	30%	43%	53%
Darling Harbour brand recall	30%	40%	39%



disabled access elevator. Retail tenants were offered advice in stock control, product placement and marketing to promote their business. The Foreshore Authority also proposed an improved retail mix at the wharf to stimulate activity.

The Foreshore Authority also manages King Street Wharf Promenade on behalf of NSW Maritime Authority and the Conservatorium of Music on behalf of joint owners, the NSW Department of Education and Training and the University of Sydney.

### Interactive maps

As a service to both visitors and tenants, the Foreshore Authority developed interactive maps for both The Rocks and Darling Harbour. The maps highlight major attractions, accommodation, parks and community services like transport information, parking stations, ATMs, toilets and telephones. The maps are available online at [www.therocks.com](http://www.therocks.com) and [www.darlingharbour.com](http://www.darlingharbour.com).

Since its release online in October 2005, The Rocks map was viewed approximately 25,000 times. The Darling Harbour map, released two months later, was viewed around 8,000 times.

To help clarify the Foreshore Authority's role among the broader community, the Foreshore Authority developed an interactive map featuring all of its major precincts. The map is accompanied by information and images and is available at [www.shfa.nsw.gov.au](http://www.shfa.nsw.gov.au).

The table to the right shows that visits to the Foreshore Authority's websites have increased on the previous year.

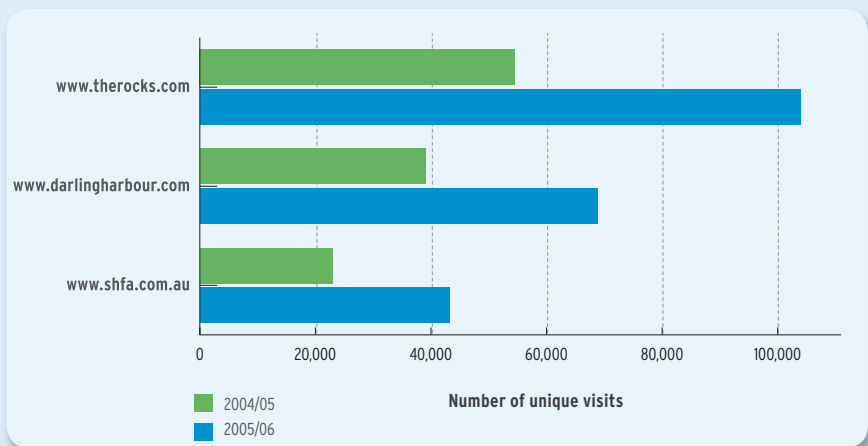
## Place creation

### Maximising potential at Darling Walk

Following substantial planning, the Foreshore Authority invited developers to register their interest in the redesign and renewal of Darling Walk, the former home of Sega World at Darling Harbour.

## Visits to the Foreshore Authority's websites

The number of unique visits to websites has increased on the previous year as depicted in this graph.



With a site area of 15,000 square metres, the site is one of the largest developments of its kind in the city of Sydney. When complete, the new development will provide additional commercial space in Darling Harbour, with family retail and eateries supporting the children's playground at Tumbalong Park.

### New park for Ballast Point

The Foreshore Authority is transforming Ballast Point, Birchgrove, into a new harbour side park for the people of Sydney. The former Caltex storage depot will be renewed as a 2.5 hectare green headland which, in conjunction with Balls Head, will form a 'green gateway' to the Parramatta River.

The master plan for the site won the Excellence Award in the NSW planning division of the Australian Institute of Landscape Architects Awards in November 2005. Judges stated that the master plan was an exemplary planning model for sites with industrial heritage and regional significance, effectively balancing expectations of the local community, neighbours and the broader interests and needs of the city.

The Foreshore Authority has subsequently lodged a project application for the construction of Ballast Point Park and appointed landscape architects to complete detailed designs. Site clearing has commenced and construction work is expected to be completed in 2007.

### Boardwalk plans for Blackwattle Bay

The Foreshore Authority continued to work with NSW Maritime Authority, the major landowner at Blackwattle Bay, on future planning for the precinct. During the year the two agencies sought public comment on a boardwalk proposal, which will fill in a missing link in the Government's harbour public foreshore access walkway between Woolloomooloo and the Anzac Bridge.

As a result of collaborative work between the Foreshore Authority, NSW Maritime and other stakeholders, a development application for the adaptive reuse of the Coal Bunker site at Pyrmont Bridge Road has been approved by the Minister for Planning, providing another important step in rejuvenating this foreshore area.

## East Darling Harbour



**The redevelopment** of East Darling Harbour will open up Sydney's harbour foreshore around Hickson Road to public access for the first time in over a century.

The Foreshore Authority provided major support to the NSW Government on this important project, which will see a large new harbour parkland created and the completion of the NSW Government's 14 kilometre Sydney Foreshore Walk from Anzac Bridge to Woolloomooloo. New office space will be developed for the city's planned future growth and port and passenger terminal facilities will be enhanced to support growth in international passenger shipping.

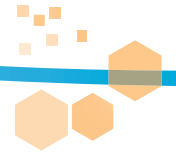
The Foreshore Authority coordinated the East Darling Harbour Urban Design Competition to establish the design principles that would underpin the transformation of the site. Launched in February 2005, the competition had two stages. Stage 1 led to the announcement in August 2005 of five finalists out of 137 entries from around the world.

A public exhibition of the finalist entries was held and attracted thousands of visitors both in person and online. Public comment was used to inform key issues and themes of the Stage 2 brief, which was provided to the five finalists. These finalists further developed their Stage 1 entries, considering Competition Jury and public comments in the process.

In March 2006, the Premier, Morris Iemma, announced the winners – a Sydney team led by Hill Thalis, Paul Berkemeier and Jane Irwin.

The competition marks the beginning of a long and public process to renew this exceptional public asset. The Government will now work with the competition outcomes to develop new planning instruments and policies that will underpin the site's renewal. Public comment will be welcomed throughout the planning process.

The Foreshore Authority has also prepared the next phase of the development – a public naming competition. This will be followed by a public consultation process to fully develop plans and policies for the rejuvenation of the site.



## Community services

### Social investment

In 2005/06, the Foreshore Authority spent \$22 million on social and non-commercial activities in its role as place manager of Sydney's significant waterfront precincts and custodian of some of the city's most valued natural and cultural heritage.

This operational expenditure provided safe, secure, clean and well maintained public domain areas that service in excess of 39 million people<sup>2</sup> per annum; heritage maintenance; environmental planning; event management for social, community and celebratory activities; two visitor information centres; and educational services including The Rocks Discovery Museum.

In addition, the Foreshore Authority's total capital expenditure on social programs and non-commercial activities for 2005/06 was \$22 million. This included expenditure on converting Ballast Point into a park; widening the pavement along George Street; restoring Dawes Point Seawall; completing the Darling Harbour water harvesting project; extending Cockle Bay Marina; and installing closed-circuit television in The Rocks.

The Foreshore Authority also maintains two significant semi-commercial assets, the Chinese Garden of Friendship and Sydney Convention and Exhibition Centre, which generate over \$350 million each year for the NSW economy.

### Teaching about place management

Fourteen groups participated in the Foreshore Authority's guided tours of its precincts and presentations, generating \$14,000 in revenue. Participants included government officials, precinct development authorities, tourism organisations and conference delegates from Australia, New Zealand, Canada, China, Korea and Japan.

The Technical Insight Tours provide valuable insights into how the Foreshore Authority delivers world's best practice outcomes in place management, development strategies, tourism promotion strategies, NSW's planning framework and generating income within a government framework.

### Students learn about Sydney's history

The Foreshore Authority's Sydney Learning Adventures team entertained and educated 14,100 students in 2005/06, a 4 per cent increase on the previous year. Programs focus on The Rocks, Darling Harbour and Pyrmont and range from tours of The Rocks Discovery Museum to sessions about the Blessed Mary MacKillop.

In 2005/06, partnership programs were established with Observatory Hill Environmental Education Centre in The Rocks and Youth Hostels Australia, IMAX and Powerhouse Museum in Darling Harbour, enhancing educational relationships in the precincts.

*The Bangabaoui: Aboriginal Cultural Harbour Cruise* was expanded in the year to include a stop at Clarke Island to see a traditional dance performance.

The program has received great interest from the Japanese, US and NZ markets, as well as NSW schools.

### Disability management and awareness

The Foreshore Authority completed a number of projects to improve facilities and customer service for the benefit of people with disabilities. Some projects will benefit people who visit the precincts while others will assist those with indirect contact with the Foreshore Authority.

Capital and maintenance projects to improve physical accessibility included the George Street footpath widening, a disability access audit for Darling Harbour with an improvement works program, a new disability lift for The Rocks Discovery Museum and the Chinese Garden of Friendship upgrade.

Maps and information brochures for disabled persons were developed to assist people in planning access to key places in both The Rocks and Darling Harbour.

To increase knowledge of disability issues and legislation, disability awareness training was undertaken by staff at the Foreshore Authority.

<sup>2</sup> The number of people movements recorded. See page 25 for details on how figures are calculated.

## Supporting the community

The Foreshore Authority provided approximately \$700,000 of in-kind venue hire, production equipment hire and other services to community groups and charities. Specialist Foreshore Authority events staff worked at various community events, with labour provided under cost recovery arrangements. Supported activities included the UNICEF United Buddy Bear Exhibition and various community and cultural events like the Egyptian, Greek, Lebanese, Polish and Pacific Nations festivals.

The Foreshore Authority provided around \$400,000 of in-kind crowd control, security, waste management and logistics to the City of Sydney for New Year's Eve celebrations in The Rocks.

The Foreshore Authority also contributed \$620,000 in sponsorships in 2005/06, including:

- \$100,000 to the City of Sydney for New Year's Eve fireworks.
- \$150,000 to Sydney Festival Limited.
- \$250,000 to The National Trust.

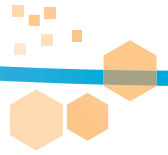
The Foreshore Authority supports community and charitable activities as they deliver many benefits to the precincts, including enhancing community spirit, visitation and publicity, as well as supporting local business.

## Buddy Bears

The UNICEF United Buddy Bear Exhibition at Circular Quay was proudly supported by the Foreshore Authority's Sydney Visitor Centre at The Rocks. The harbour foreshore was lined with 125 brightly coloured 'United Buddy Bears' representing each member state of the United Nations. The bears are part of UNICEF's HIV/AIDS awareness campaign, which aims to promote understanding between nations and increase people's understanding of the effect of AIDS on children around the world.

The Sydney Visitor Centre supported the exhibition by offering a full range of Buddy Bear merchandise, with proceeds going to UNICEF Australia.





## The Rocks gets dedicated museum

Visitors to The Rocks can now learn about the area's exciting history in its first dedicated museum, thanks to the Foreshore Authority. The Rocks Discovery Museum traces the history of the area from pre-European times to the present day with 22 interactive exhibitions and a unique collection of images and archaeological artefacts.

Located in Kendall Lane, the Museum was sensitively constructed inside a sandstone building dating from 1826, which had formerly been used as a warehouse and sheep dip factory. Developed by the Foreshore Authority in consultation with local Aboriginal and heritage groups, the Museum was officially opened by the Minister for Planning, the Hon. Frank Sartor in December 2005.

The Museum will help boost visitor numbers, encourage business growth and educate tourists and schoolchildren about the area's heritage. In the first six months of operation, the Museum attracted 26,382 people, with visitors giving it an average rating of 8.2 out of 10 in terms of satisfaction.

In April 2006, the Museum was awarded an EnergyAustralia National Heritage Trust Award, recognising the Foreshore Authority's important role as caretaker of some of NSW's most significant heritage resources. It also recognises the collaborative efforts of various groups and individuals who contributed to the Museum, from the Foreshore Authority's heritage and education teams to the Australian Museum and the broader heritage and museological community.



## Exciting events

Aside from the immense community benefits and increased visitation to the precincts, Sydney Harbour Foreshore Authority's exciting annual schedule of events also delivers significant financial benefits. Attracting visitors to the precincts creates an opportunity for improved sales by tenants, which in turn leads to more rental income for the Foreshore Authority.

The Foreshore Authority's program of 12 free public events maintained its success in 2005/06 with approximately one million people<sup>3</sup> attending Darling Harbour events and half a million people<sup>4</sup> enjoying events in The Rocks.



### Art on The Rocks

In May 2006, 65 artists turned The Rocks into an outdoor artist's studio for the fourth annual Art on The Rocks. Cobblestone laneways and alleyways came to life with live jazz and classical music as visitors wandered throughout watching artists in action. Other activities on the day included a public mural painting, free art workshops for children and free arthouse short film screenings. Approximately 82,000 people movements were recorded in The Rocks during the festival.

The artists' finished masterpieces were judged and displayed at the free Art on The Rocks Exhibition. A percentage of the art sales amounting to \$1,580 was donated to Father Chris Riley's Youth Off The Streets charity, which supports homeless and drug-dependant young Australians striving to turn their lives around.

This year's Art on The Rocks winners were:

- Hadyn Wilson – The Foreshore Authority's \$20,000 Annual Art on The Rocks Prize.
- Catherine Bailey – \$10,000 Emerging Artist's Prize.
- Giles Alexander – Highly Commended Award.
- Geoff Harvey and Tanya Chaitow – Commendations.
- Peter Smeeth – People's Choice Award.

### The Rocks Aroma Coffee Festival

For the eighth year running, The Rocks Aroma Coffee Festival in July 2005 provided a unique setting to showcase Australian coffee roasters and plantation owners. The event featured the smallest of roasters next to bigger coffee houses, all offering their roasts and blends to the public. Free live music, product demonstrations, coffee tasting, coffee workshops and a Coffee Machine Expo were popular features.

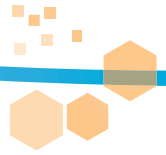
Around 97,000 people movements were recorded in The Rocks during the Festival, representing a 34 per cent increase on 2004. The Rocks Aroma Coffee Festival is now firmly positioned as the largest coffee festival in the southern hemisphere.



3, 4 The number of people movements recorded.  
See page 25 for details on how figures are calculated.







### Markets by Moonlight

The Rocks Markets by Moonlight returned for a fifth year, offering a unique shopping experience, local and international food stalls and live music. The event is now recognised as a key springtime event in Sydney.

Held every Friday evening in November 2005, the markets featured 40 stalls with a wide range of Australian-made homewares, jewellery, arts and crafts and novelty items. Performers included The Black Sorrows, Choirboys, Diesel, Michael Spiby of The Badloves, Wendy Matthews, Carmen D Smith, Jon Stevens and Bertie Blackman.

Around 70,000 people movements were recorded during the four nights of Markets by Moonlight.

### Jazz Festival

In June 2006, around 215,000 music lovers<sup>5</sup> enjoyed the 16th annual Darling Harbour Jazz Festival, which presented a weekend of world-class entertainment. Renowned stars from traditional and contemporary jazz, swing, rock fusion, pop, funk and big band played alongside avant-garde performers rarely seen outside small clubs.

The festival was headlined by Australian music legends Eurogliders, along with Marcia Hines and James Morrison. Other performers included Joe Camilleri and The Black Sorrows, Jeff Duff and The Prophets, Doug Parkinson Quintet, Monsieur Camembert, FourPlay and Glass.



### Fiesta

Darling Harbour Fiesta held on the October 2005 long weekend is Australia's biggest Latin American and Spanish festival. Visitors enjoyed 60 hours of free live entertainment on stages at Harbourside, Tumbalong Park and Palm Grove. Stalls offered Latin American and Spanish inspired foods, arts and crafts.

Performers included DJ Dwight 'Chocolate' Escobar of Sydney's Latin-music scene, acrobatic capoeiristas, Latin bands, flamenco dancers, Brazilian carnival girls, salsa experts and stars from Dancing With The Stars.

The festival attracted a strong audience, with approximately 296,000 people movements recorded during the three days and four nights. This year marked a positive increase in visitor spend, with the average visitor spending \$86 compared to \$75 at last year's event.



### Winter Concert Series

The Darling Harbour Winter Concert Series captivated visitors with three musical spectaculars over three weekends in July 2005. 'Bernstein and Gershwin on the Bay' featured music by American composers Leonard Bernstein and George Gershwin played by the highly acclaimed 48-piece Sydney Concert Orchestra. Next up was 'Opera on the Bay', which delivered a splendid selection from Opera Australia's current season and 'It's a Kinda Magic', by the world's greatest Queen tribute band, concluded the series. Each Winter Concert culminated in a specially choreographed fireworks finalé.

The Series attracted close to 100,000 people<sup>6</sup> over the three nights – an increase of 4 per cent on the 2004 event.



<sup>5, 6</sup> The number of people movements recorded. See page 25 for details on how figures are calculated.



### Celebrating Australia Day

The fourth annual Country Rocks event was held throughout The Rocks on 26 January 2006. Around 104,000 people<sup>7</sup> celebrated the day with performances by outstanding new country artists including Beccy Cole, Travis Collins, Jake Nickolai and Aleyce Simmonds.

For the first time, a mini-market was held to coincide with the event, featuring jewellery, Aboriginal and arts and crafts. Stallholders reported that the mini-market compared favourably to a great day at the regular weekend markets in The Rocks.

At Darling Harbour, Australia Day 2006 was celebrated by around 174,000 people<sup>8</sup> who enjoyed kids' entertainers, Australian bands, street performers, parading ships around Cockle Bay and an international food and wine fair. The highlight of the day, the Australia Day Spectacular, was a stunning multimedia symphony of pyrotechnics, light and music exploring Australia's Indigenous heritage, settler legacy, extraordinary landscapes and the country's modern, cosmopolitan identity.



### Christmas trees and Starlight children

In November 2005, a Starlight Foundation Wish Child kicked off Christmas celebrations by lighting Sydney's most dazzling Christmas tree. With 60,000 lights, 700 mirror balls, 100 rainbow reflectors and active pyrotechnic decorations, Darling Harbour's 17-metre-tall radiant Christmas tree was the brightest in the southern hemisphere. Hundreds of children and their families enjoyed an evening of entertainment from pop star Jade MacRae and children's performers.

The festivities continued throughout December with Darling Harbour hosting an exciting program of free children's shows and a cappella carols. On Christmas Eve, the Carols on the Bay Concert presented a fantastic line-up of entertainment.

The Christmas tree in The Rocks Square was also lit by a Starlight Foundation Wish Child in November. The occasion was celebrated with a festive concert compered by former Playschool star, Benita Collings, face painting and a sausage sizzle.

Free Christmas activities were held in The Rocks during December including visits by Santa and Christmas carol performances by an a cappella choir and classical musicians.



### New Year's Eve parties

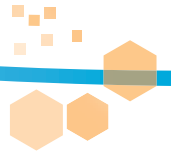
Darling Harbour brought in the new year in 2006 with music, children's entertainment and two fireworks spectaculars. Hundreds of thousands of people converged on Darling Harbour to enjoy the party that has become renowned the world over.

The action packed program at Palm Grove and the Aquashell floating stage on Cockle Bay inspired all-night dancing with performances by EON Beats Project, DIG and the James Morrison Quintet. At 9pm and again at midnight, the sky over Cockle Bay was brought to life with a fireworks spectacular.

At The Rocks, New Year's Eve was celebrated by people who came to enjoy the magnificent fireworks, restaurants and bars and the fabulous atmosphere. Around 106,000 people movements were recorded in the precinct over the night. Sydney Harbour Foreshore Authority sponsored the 9pm City of Sydney Fireworks and also provided crowd control, security and waste management services.

<sup>7, 8</sup> The number of people movements recorded. See page 25 for details on how figures are calculated.





### Chalk the Walk Festival

Artists from around Australia gathered on Pyrmont Bridge at Darling Harbour to participate in the inaugural Chalk the Walk Festival in October 2005. The bridge walkway was transformed into a colourful pavement canvas, adorned with individual chalk artworks as artists competed for the title of Champion Pavement Artist over three days.

Over 37,000 people came to browse the artworks and soak up the creative atmosphere.

Image: Artwork by Garry Donnellan, Victoria - Champion Pavement Artist 2005.  
Photo by Clare McClelland.

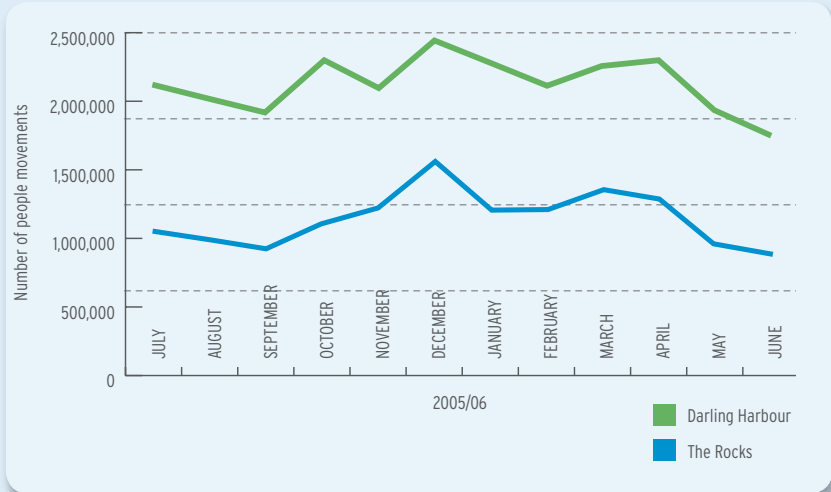
### What are people movements?

Electronic people counters are installed in key locations in Darling Harbour and The Rocks. The counters emit an infra-red beam and each time a pedestrian breaks the beam a people movement is registered. Calibration and expansion calculations are applied to raw counts to ensure that final figures accurately estimate total pedestrian flow into a precinct.

- In The Rocks, approximately 13.8 million people movements were recorded in 2005/06, with people enjoying the entertainment, shopping and dining experiences on offer.
- In Darling Harbour, approximately 25.5 million people movements were recorded in 2005/06, with people enjoying international conventions, attractions and events in the precinct.

### Monthly visitation in The Rocks and Darling Harbour

This graph shows the number of people movements recorded in Darling Harbour and The Rocks in 2005/06.

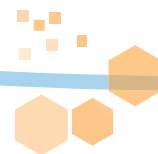




Thousands of plants, lawns and gardens are maintained in The Rocks and Darling Harbour. Sustainable planting methods combine with recycled water at Darling Harbour to make a truly green precinct.

Energy and water efficiency, sustainable development and protecting heritage are all high on Sydney Harbour Foreshore Authority's agenda.

A water harvesting project in Darling Harbour and conservation works on the historic Dawes Point Seawall and 103-year-old heritage listed Pymont Bridge demonstrate this commitment.



## Sustainability in action

### Securing the environment

#### The CEO on sustainability

Dr Rob Lang, CEO of the Foreshore Authority, was invited as a guest speaker to the Australian Institute of Company Directors Conference in May 2006. Dr Lang spoke about the rising importance of sustainability for both government bodies and commercial entities as a result of growing customer and market demand.

Dr Lang described how the concept of sustainability has broadened from simply environmental aspirations to now encompass environmental, commercial and social objectives. He also outlined how the Foreshore Authority is applying these three criteria to all of its initiatives and projects.

#### Water: From car park to parks and gardens

The Foreshore Authority has installed a water harvesting and recycling system at the Sydney Entertainment Centre car park, the only one of its type in Sydney's CBD. This landmark project will reduce Darling Harbour's potable water requirements by 30 per cent.

The system will collect around 4,500 kilolitres of water a year from the car park roof, equivalent to more than two Olympic swimming pools. Water is stored in 21 specially-designed tanks with a total capacity of 600 kilolitres, which are located in unused space in the car park. Water is then fed through the existing irrigation pipeline to parks and gardens at Darling Harbour, including the Chinese Garden and Tumbalong Park.

### Green building for Darling Island

As part of the Foreshore Authority's successful urban regeneration program in Pyrmont, plans were progressed with the private sector for the development of a new commercial office building at Darling Island. The proposed building is expected to achieve a 5 Star Australian Building Greenhouse Rating thanks to energy efficient features such as a harbour heat exchange system and chilled beam air conditioning.

The Foreshore Authority is looking at the possibility of achieving Sydney CBD's first 6 Green Star rating through the inclusion of a blackwater treatment plant. Construction is expected to commence mid 2007 with completion by the end of 2008.

The proposed green building with 18,000 square metres of office and retail space will complete the third and final stage of the Darling Island Master Plan. The first two stages have seen the development of 135 harbourside residential apartments and a 22,000 square metre commercial office building. Almost two hectares of Darling Island will be dedicated to open space and public recreation including two new waterfront parks and a public foreshore promenade.

### Ancient trees in modern city

The Foreshore Authority planted Wollemi Pines in The Rocks and Darling Harbour, the only two in the city that are accessible to the public 24 hours a day. The Rocks and Darling Harbour attract significant local, international and domestic visitor numbers each year, ensuring that these very special pines will be seen and enjoyed by millions of people.

The pines were purchased at auction, with money raised donated to conservation and cultural organisations to fund conservation of rare plant species. Previously thought to be extinct, the Wollemi Pine is now considered one of the world's rarest and oldest plants.

The Wollemi Pine at The Rocks has been dedicated to Milo Dunphy, a renowned conservationist. The second pine, planted at Darling Harbour, was dedicated to Dr Vincent Serventy AM and his wife Carol Serventy OAM, for their outstanding service to conservation and natural history.

### Energy efficiency

The Foreshore Authority has furthered its commitment to environmental sustainability with a number of projects to reduce and manage its energy use including:

- Reducing electricity usage in Darling Harbour car parks by installing motion sensors and energy efficient globes.
- Replacing the Chinese Garden of Friendship lake filtration system to reduce operating time and increase pump and motor efficiency.
- Purchasing 6 per cent of energy from renewable sources, including solar, hydro, wind and biomass.

## Reducing waste and increasing recycling

The Foreshore Authority's waste reduction and recycling achievements during the year included:

- Installing office commingled recycling bins.
- Recycling printer toner cartridges through 'Cartridges for Planet Ark'.
- Recycling cardboard packaging with the use of cardboard compactors and collectors.
- Recycling paper from recycling bins provided to every staff member.
- Electronic distribution of communications materials, including the The Rocks and Darling Harbour stakeholder and corporate newsletters.
- Public place recycling at major events.
- Recycling construction materials such as reusing the original seawall sandstone in the Dawes Point Seawall upgrade.
- Purchasing 100 per cent recycled mulch and compost.

The Foreshore Authority was commended for the Waste Reduction and Purchasing Plan (WRAPP) it submitted to the NSW Government in August 2005. The plan outlines a strategy for reducing waste and increasing the purchase of products manufactured with recycled content.

## Plants, lawns and gardens

The Foreshore Authority undertook various horticultural projects to improve and maintain the amenity of the precincts and increase sustainability.

In Darling Harbour, the irrigation system was upgraded to complement the Darling Harbour water harvesting system (see page 27 for details) and help alleviate the impact of water restrictions.

The Foreshore Authority maintained 72 garden beds and planted around 1,600 plants, including shade and



*Dawes Point Seawall is being restored, preserving a precious piece of Sydney's history*

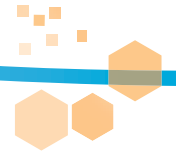
drought tolerant species, and four garden displays were held. Nine lawn areas were maintained, with close to 1.5 hectares returned and fitted with sub surface irrigation. Areas of lawn were oversewn with seed to counter wear patterns stemming from general visitation and community festivals.

In The Rocks, the Foreshore Authority maintained various garden beds and planter boxes. Approximately 1,500 suitable species were planted, and six major lawn areas were maintained, including Dawes Point Park. First Fleet Park was returned to improve the area's suitability for high usage and sub surface irrigation was installed to comply with water restrictions.

## Green fleet

By reducing the number of fleet vehicles and continuing to purchase smaller vehicles, the Foreshore Authority has been able to reduce its greenhouse emissions.

Under the Cleaner NSW Government Fleet Initiative, all State Government agency fleets were required to achieve an 'average environment performance' score of 10 out of 20 in 2005/06. The Foreshore Authority exceeded this target with a fleet average of 10.25. This initiative aims to provide leadership to the community by demonstrating the State Government's commitment to reducing the impact of motor vehicle pollution and developing the market for cleaner models.



## Heritage conservation

### Historic seawall gets makeover

The second stage of the Foreshore Authority's \$5.3 million project to strengthen and restore Dawes Point Seawall continued. The aim of the project is to help preserve this unique piece of Sydney's history, considered to be of exceptional state heritage significance, for future generations.

The work along about 200 metres of the seawall involves repairing and replacing the stonework, fully restoring the balustrade, widening the footpath adjacent to the seawall and installing improved lighting and landscaping along Hickson Road. The works are expected to be completed by December 2006.

### Pymont Bridge keeps swinging

A three-month \$450,000 maintenance project on the 103-year-old, heritage listed Pymont Bridge was undertaken in 2005/06. Timbers were inspected and treated for any splits, cracks, wet rot, termites and paint deterioration.

Pymont Bridge was built in 1902 and is one of the world's oldest surviving electrically operated swing span bridges. It is the centrepiece of Sydney's tourist district and is used by more than five million people each year.

The project is part of a ten-year maintenance program to aid the bridge's longevity.

## Guardian of state heritage items

In 2005/06, the Foreshore Authority intensified its Conservation Management Plan (CMP) program, aiming to prepare CMPs for all items in The Rocks listed on the State Heritage Register by the end of 2008. The program resulted in the preparation of 13 CMPs, with a further 25 scheduled for completion in 2006/07.

Ninety-nine buildings and sites listed on the State Heritage Register are owned by the Foreshore Authority. Under the *NSW Heritage Act 1977*, CMPs are required to guide the future use and conservation of these items.

In 2005/06, the Foreshore Authority:

- Assessed 35 applications under Section 60 of the Heritage Act, of which 95 per cent were assessed within the statutory period.
- Assessed two applications under Section 140, 100 per cent within the statutory period.
- Processed 27 exemption notifications under Section 57, 100 per cent within the statutory period.

## Maintaining Sydney's maritime heritage

To preserve Campbell's Stores at Campbells Cove, the Foreshore Authority completed heritage restoration works including internal safety and fire system upgrades. Campbell's Stores is one of a number of heritage buildings near Circular Quay that reflect the maritime focus of The Rocks, particularly during the mid-nineteenth century. Works were also conducted at the nearby Italian Village Restaurant with an upgrade of the roof and kitchen exhaust system.

A total of \$1.7 million was spent on these heritage projects.

## Different ways to share history

The Rocks Heritage Interpretation Strategy was adopted by the Foreshore Authority to encourage interpretation projects that best stimulate people's senses to the precinct's unique history and individual stories.

The strategy presents different approaches to interpretation including installations like footpath inlays and mounted historic scenes; self-guided walks that bring interesting stories to the streets with facts and imagery; e-commerce that makes the heritage value of The Rocks accessible via The Rocks website; and events that expand the visitor experience from the precinct's visual offerings to the sounds and tastes of its past.

## Aboriginal culture alive

Aboriginal Australia is now promoted as a living contemporary culture in The Rocks Discovery Museum thanks to the Foreshore Authority's cutting edge approach to capturing Sydney's Aboriginal history. To create authentic Aboriginal content, the Foreshore Authority worked with the Australian Museum Aboriginal Heritage Unit, Metropolitan Land Council, Tribal Warrior Association, Koori Curator of The Powerhouse Museum and Aboriginal Discoveries. All Aboriginal content for the displays was endorsed by the Metropolitan Land Council.

The Aboriginal displays examine the relationship of traditional landowners, the Cadigal people, with their environment and explore the impact of European settlement. A documentary *Cadigal Land Today*, produced and directed by the Foreshore Authority, plays in the Museum.

Indigenous protocols were followed throughout the Museum's development and included a traditional Aboriginal smoking ceremony. Signage was installed to advise Aboriginal and Torres Strait Islander visitors that the 'Warrane' exhibition contains images of deceased persons that may cause offence.



Rowena Butland won the Heritage Prize for her outstanding work in heritage studies

### Heritage Prize for students

Two of Australia's most promising heritage and urban design university students were presented with the Sydney Harbour Foreshore Authority Heritage Prize in March 2006.

The \$3,000 first prize was awarded to Rowena Butland for her work, *Living with Heritage: The Fusion of Cultural Heritage Management and Local Space*. Giles Thomson received the second prize of \$2,000 for his work, *White Bay Power Station: Urban Design Structure*. Both works will be valuable resources to understanding, conserving and interpreting Sydney's heritage places.

The Heritage Prize has been presented since 1998 to recognise and encourage high achievement in university students enrolled in heritage or related studies. It is designed to encourage students to protect and interpret Sydney's important heritage collections and places such as The Rocks.

### The archaeologist presents

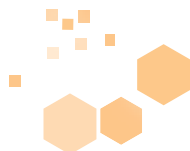
Dr Wayne Johnson, the Foreshore Authority's archaeologist, delivered a presentation to the second International Engineering Heritage Conference in Sydney. Dr Johnson spoke about the transformation of inner city industrial sites to urban residential developments. He focussed on the growing trend towards adaptive re-use and the importance of establishing communities and maintaining a sense of place.

He outlined the Foreshore Authority's considerable success in adapting heritage buildings and other structures for modern uses. For example, in The Rocks, the preservation of many of the buildings and the adaptive reuses the Foreshore Authority finds for them still reflect the early maritime nature of The Rocks.

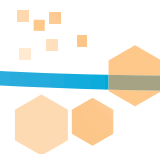
### A festival for heritage

The Foreshore Authority was actively involved in the 2006 National Trust Heritage Festival, themed *Industrial Heritage – Our Working Lives*. A harbour cruise entitled *HeritEdge Tour: Bridge To Ballast Point*, was initiated by the Foreshore Authority, the National Trust and Sydney Harbour Federation Trust. On a restored timber ferry, participants visited various waterfront locations to illustrate cutting-edge policy regarding the development, adaptive re-use and interpretation of sensitive industrial heritage sites. The Foreshore Authority's archaeologist Dr Wayne Johnson provided expert commentary during the tour.

Another Festival event hosted by the Foreshore Authority was the The Rocks Discovery Museum After Hours tour that provided a look behind the scenes at the Museum for members of the City of Sydney Historical Association.







## Cumberland Dig Site



*Left and centre: Cumberland Street was a thriving community in the 1800s  
Right: The site today, which will soon be transformed into a world-class historical attraction*

**The Cumberland Dig Site** in The Rocks has preserved century-old archaeological remnants from Australia's first settlement. As a rare surviving example of the convict and ex-convict community, it is of exceptional cultural significance.

The Foreshore Authority along with Sydney University excavated two terraces at Cumberland Dig Site in February 2006. One terrace dates from the 1850s. The other was originally constructed as a stable in the 1820s and converted to a house as the population of the area grew and land became scarce.

The excavation uncovered hundreds of remnants, including 1820s local pottery, Chinese ceramics and Wedgwood and Spode china. Other items found include buttons, ceramic glass, children's toys, decorative jewellery and animal bone - most of which would have fallen through the floor boards in the original buildings. Similar deposits and artefacts were discovered at the site in 1994 when excavation works first exposed archaeological remnants. The newly recovered artefacts are currently being catalogued for storage with the rest of the Foreshore Authority's artefact collection.

In February 2006, Sydney Harbour Foreshore Authority, in consultation with NSW National Trust, Historic Houses Trust and the NSW Heritage Office, commenced a project to conserve this unique site for future generations. The project will give the people of Sydney a world-class educational and historical interpretation facility and become a draw card for visitors to The Rocks.

Designers, conservationists and archaeologists were invited to submit proposals for the site. The Foreshore Authority will ensure that the selected proposal achieves the best in historic conservation, contemporary architecture and sustainable design, while allowing public access to the site.

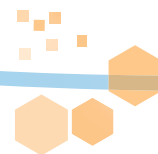
A preferred design for the site will be announced in July 2006, with construction expected to be completed in 2008. The Foreshore Authority will retain ownership of the site and will consider various leasing options as part of any proposal submitted.



Left to right: Gabrielle Trainor, Robert Lang, Bonnie Boezeman, Jon Isaacs, Chris Johnson and Michael Collins on the newly widened George Street footpath in The Rocks.

Sydney Harbour Foreshore Authority's Board members bring a wealth of experience and knowledge to the organisation, setting high standards in business excellence, innovation and creativity. The Board sets the Foreshore Authority's strategic direction and oversees its policies, management and performance.

The Board is supported by a resourceful Executive team that works proudly with employees to ensure that the Foreshore Authority delivers on its promises.



## Corporate governance

### Role of the Board

Sydney Harbour Foreshore Authority's Board, which meets monthly, oversees the Foreshore Authority's policies, management and performance. It sets strategic direction for the organisation and monitors compliance with statutory requirements.

The Board's role in managing risk is critical to the success of the organisation. The Board must approve all major decisions, with detailed financial feasibility studies required for every major project proposal.

The proportion of time spent by the Board on various matters is depicted in the chart to the right.

The Chief Executive Officer is responsible for the day-to-day management of the Foreshore Authority's affairs, in accordance with the specific policies and general direction of the Board.

The diversified interests and needs of the Foreshore Authority are reflected in the composition of the Board. Details of the Foreshore Authority's Board members are shown on pages 34 to 35.

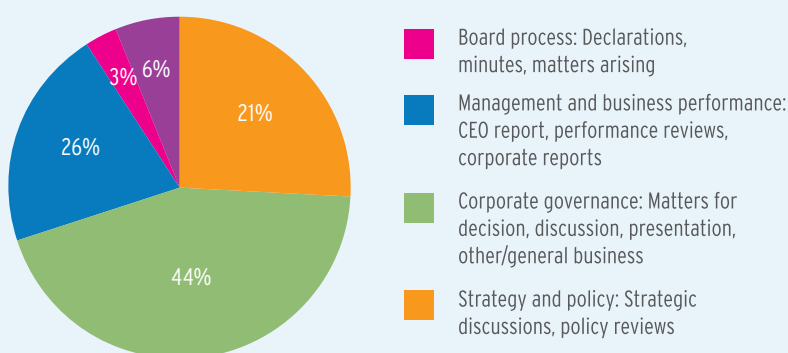
During the year, the Board conducted a self-assessment of its processes and performance and has completed the three recommendations arising out of the review.

### Corporate Governance Committee

A Corporate Governance Committee has been established as a standing committee of the Board. This Committee has the primary function of assisting the Board to achieve strategic leadership and the overall good governance of the Foreshore Authority. The Committee establishes mechanisms and policies for achieving accountability of the Board and management.

### Board matters

The proportion of time spent by the Foreshore Authority's Board on various matters in 2005/06 is depicted in this chart.



Committee members at 30 June 2006:

- Bonnie Boezeman AO, Chair
- Robert Lang, Chief Executive Officer of the Foreshore Authority
- Gabrielle Trainor

The Corporate Governance Committee is responsible for:

- Establishing and maintaining a Corporate Governance Manual.
- Reviewing the Annual Plan of Strategic Discussions to be undertaken by the Board.
- Reviewing the codes of conduct for the Foreshore Authority and for the Board, to provide an ethical framework for the organisation and to address procedures for reporting any illegal or unethical behaviour.
- Recommending to the Board an appropriate performance review and evaluation process for the CEO, the Board and its members and making recommendations regarding identified skills gaps.

- Conducting the cyclical review of appropriate Board policies and making recommendations to the Board on amendments to policies.
- Assisting the Chairman in establishing Board and Executive succession plans.
- Ensuring an effective Director induction program is in place for new Board members and making recommendations to the Board on appropriate Director education opportunities.
- Identifying and specifying the roles of management and the Board.

### Audit and Risk Management Committee

The Foreshore Authority's Audit and Risk Management Committee manages the organisation's risk exposure.

Committee members at 30 June 2006:

- Michael Collins, Chair
- Bonnie Boezeman AO

Further information about risk management and insurance is on page 38.

## Board members

### Jon Isaacs

BA (Hons), FAICD

Executive Coach, Stephenson Mansell Group

#### **Board member/member**

Chair, Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Chair, Cooks Cove Development Corporation

Independent Chair, Joint Management Committee, Rouse Hill Regional Centre Development

Director, Australian Technology Park Precinct Management Ltd

Independent Chair, Audit and Risk Management Committee, Business Link NSW Pty Ltd

Independent Chair, Audit Committee of the NSW Aboriginal Land Council

Independent Chair, Risk Management and Audit Committee, NSW Department of Health

Member, Ambulance Service of NSW Advisory Committee (Deputy Chair)

- Appointed as Chairman in September 2004 after serving as a Sydney Harbour Foreshore Authority Board member since February 1999. Reappointed as Chair in February 2005 for a period of three years.

### Robert Lang

PhD, BE (Hons), BSc, FAICD, FIE (AUST), MIEEE, CPEng

Chief Executive Officer, Sydney Harbour Foreshore Authority

#### **Board member/member**

Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Cooks Cove Development Corporation

Sydney Convention and Visitors Bureau

- Appointed as a Sydney Harbour Foreshore Authority Board member in July 2003 and has served for a period of three years.

### Bonnie Boezeman AO

PMD diploma Harvard Business School  
FAICD and FAMI

#### **Board member/member**

Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Cooks Cove Development Corporation

Chair, Corporate Governance Committee, Sydney Harbour Foreshore Authority

Deputy Chair, NSW State Lotteries

Chair, PayPal Australia Pty Ltd

Chair, Catholic Development Fund

Chair, Business Benefits International Pty Ltd

Chair, East West Foundation

Cypress Lakes Golf and Country Club Pty Ltd Advisory Board

- Appointed as a Sydney Harbour Foreshore Authority Board member in February 2005 for a period of three years.

### Michael Collins

Registered Valuer without limitations (NSW), Licensed Real Estate Agent (NSW), Honorary Associate Graduate School of Government (Sydney), FRICS

Managing Director, Michael Collins and Associates Pty Limited

#### **Board member/member**

Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Cooks Cove Development Corporation

Chair, Audit and Risk Management Committee, Sydney Harbour Foreshore Authority

Redfern-Waterloo Authority

Chair, Heritage Council of NSW

Director, Australian Technology Park Precinct Management Ltd

Parramatta Civic Place Advisory Committee

- Appointed as a Sydney Harbour Foreshore Authority Board member in February 2005 for a period of three years.

### Chris Johnson

MCultHeritage, MArch (History and Theory), MBE, BArch, MPIA

Life Fellow, Royal Australian Institute of Architects,

Practice Professor, Faculty of Architecture, University of Sydney

Adjunct Professor, Faculty of Design Architecture and Building, University of Technology, Sydney

Adjunct Professor, Faculty of Built Environment, University of New South Wales

#### **Board member/member**

Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Cooks Cove Development Corporation  
Heritage Council of NSW

- **Sam Haddad, Director-General, Department of Planning**, became a member of the Board in October 2005. Chris Johnson, Deputy Director-General, Department of Planning, attends the Board meetings on his behalf.

### Gabrielle Trainor

LLB, FAICD

#### **Board member/member**

Sydney Harbour Foreshore Authority (including Luna Park Reserve Trust)

Cooks Cove Development Corporation

Chair, Best Western Australia

Chair, Shirlaws Ltd

Victorian Urban Development Authority (VicUrban)

World Swimming Championships 2007 Corporation

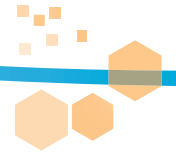
Commissioner, Australian Football League (NSW-ACT)

Sydney Symphony Orchestra

Chair, Docklands Place Management and Municipal Committee

Breast Cancer Network of Australia

- Appointed as Sydney Harbour Foreshore Authority Board member in December 2005 for a period of three years.



**Previous Board members in 2005/06:**

**Helen Wright**

LLB, UNSW  
 Advanced Management Program  
 Harvard Graduate School of Business Administration

The Statutory and Other Offices  
 Remuneration Tribunal (NSW) (from  
 13 December 2004)

**Board member/member**

Director, Australian Leisure and  
 Entertainment Property Management  
 Ltd (ALEPML)

Sydney Harbour Foreshore Authority  
 (including Luna Park Reserve Trust)

Chair, Sydney Harbour Foreshore Authority  
 Corporate Governance Committee

Cooks Cove Development Corporation  
 Province Management Advisory Council  
 of Little Company of Mary

Australian Institute of Company Directors  
 Law Society of NSW

Director, Australian Technology Park  
 Precinct Management Limited until  
 31 March 2005.

- Appointed as a Sydney Harbour Foreshore Authority Board member in February 1999 and served for a period of six years and seven months. Resigned from the Board in September 2005.

**Penny Morris AM**

BArch (Hons), MEnvSci, Dip CD,  
 Dip ICD, FR

Director, Mirvac Group

- Appointed as a Sydney Harbour Foreshore Authority Board member in February 1999 and served for a period of seven years and one month. Resigned from the Board in March 2006.

**Jennifer Westacott**

BA (Hons) Political Science, FVIPA, FAICD  
 Director-General, Department of  
 Infrastructure, Planning and  
 Natural Resources

**Board member/member**

Central Sydney Planning Committee

Sydney Harbour Foreshore Authority  
 (including Luna Park Reserve Trust)

Redfern-Waterloo Authority

Honeysuckle Development Corporation  
 University of Sydney, Board of Advice of  
 the Faculty of Economics and Business  
 Commissioner, Murray-Darling  
 Basin Commission

Commissioner, Soil Conservation

- Appointed as Board member in May 2003 and served for a period of two years and four months.

In August 2005, following the appointment of a new Premier for NSW, Morris lemma MP and his new Ministry, the NSW Government replaced the Department of Infrastructure, Planning and Natural Resources with two new government departments – the Department of Planning and Department of Natural Resources. As a result, Jennifer Westacott was replaced on the Board in October 2005 by the Director-General, Department of Planning.

**Board attendance at meetings**

*This table shows the attendance of current and previous Board members at meetings during 2005/06.*

Board members		Board meetings		Corporate Governance Committee meetings		Audit and Risk Management Committee meetings	
		Attended	Possible	Attended	Possible	Attended	Possible
Current Board members	Jon Isaacs	10	10	n/a	n/a	n/a	n/a
	Robert Lang	10	10	3	3	1	1
	Bonnie Boezeman	10	10	3	3	1	1
	Michael Collins	10	10	n/a	n/a	2	4
	Chris Johnson	6	7	n/a	n/a	n/a	n/a
	Gabrielle Trainor	5	5	2	2	n/a	n/a
Previous Board members	Helen Wright	3	3	1	1	0	1
	Penny Morris	8	8	n/a	n/a	3	3
	Jennifer Westacott*	2	3	n/a	n/a	n/a	n/a

\* Represented at meetings by John Scanlon, Department of Infrastructure, Planning and Natural Resources.

## Organisation chart and Executive team



**Andrew Kelly** was appointed to the position of Executive Director, Tenant and Asset Management Services on 16

February 2005. Prior to that, Mr Kelly held the position of Executive Director, Business and Financial Services. He joined the Foreshore Authority in August 2001. Mr Kelly holds a Bachelor of Business (Local Government) and a Master of Business Administration (Human Resources Management).



**Diana Talty** was appointed to the position of Executive Director, Major Projects on 30 May 2005. She joined one of the Foreshore Authority's

predecessors, Darling Harbour Authority, in April 1985. Ms Talty holds a Bachelor of Arts (Honours) in Government, and is a State Government representative on the Board of the Sydney Harbour Federation Trust.



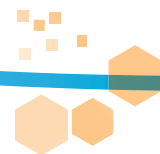
**Charmaine Moldrich** was appointed to the position of Executive Director, Marketing and Visitor

Services on 24 July 2006. Ms Moldrich has over 20 years experience in management, business development, marketing, sponsorship, events, publicity and the arts.

### Previous incumbent

**Sandra Chipchase** resigned from the position of Executive Director, Commercial Partnerships and Visitor Services on 31 March 2006, following five years at the Foreshore Authority.





### Executive Director Corporate Services

- Administration services
- Bookrite
- Corporate affairs and governance
- E-Services
- Finance
- Human resources
- Information management and technology
- Knowledge and strategic performance
- Planning and assessment
- Procurement

### General Manager Darling Harbour

### General Manager The Rocks



**Egle Garrick** was appointed to the position of Executive Director, Corporate Services on 16 February 2005.

Prior to that, Mrs Garrick held the positions of Executive Director, Place Management Division and Executive Director, Service Delivery. She joined the Foreshore Authority in March 2003. Mrs Garrick holds a Master of Science and Society, Bachelor of Arts, Diploma of Librarianship and a Certificate of Transport Management and is a Graduate of the Australian Institute of Company Directors' Diploma Course.



**Bob Deacon** was appointed to the position of General Manager, Darling Harbour on 1 August 2002. He joined one

of the Foreshore Authority's predecessors, City West Development Corporation, in January 1998. Mr Deacon holds an Associate Diploma in Real Estate Valuation and is a Fellow of the Australian Property Institute.

**Currently under recruitment.**

#### Previous incumbent

**Tracey Baldwin** resigned from the position of General Manager, The Rocks and Circular Quay on 5 May 2006, following almost four years at the Foreshore Authority.

## Risk management and insurance

Sydney Harbour Foreshore Authority manages risk by using a program of internal and external surveys and review processes.

An ongoing risk management program has been effective in managing the risk exposure of the Foreshore Authority while contributing to organisational objectives. Two forums, the Board Audit and Risk Management Committee and the Executive Sustainability and Risk Committee, both convened four times in 2005/06 to specifically address risk management.

The Foreshore Authority carries a comprehensive range of insurance cover through the Treasury Managed Fund. This insurance covers property, public liability, directors' insurance and other contingencies. Unlike private sector insurance policies, the Treasury Managed Fund has limited exclusions. In particular, all properties owned or managed by the Foreshore Authority are covered for their replacement value through the Treasury Managed Fund. The Foreshore Authority's annual premium is paid and current this year. The insurance premium for the Foreshore Authority has reduced again in line with agency and pool performance.

The Foreshore Authority carries no officers' professional liability insurance, but all officers are covered by a State indemnity against claims that do not involve negligence, because of their public service employee status.

The Foreshore Authority maintains a program of internal audits. The average assessment score for the audits conducted was 3.1 out of 5.

## Guarantee of service

The Foreshore Authority values integrity, teamwork and takes pride in every member of its team fulfilling their promises. Various services and activities to fulfil this core value continued in 2005/06, including:

- The Customer Service Request Line, which operated 24 hours, seven days a week. This dedicated hotline along with the supporting Customer Request Management Service enables the Foreshore Authority to identify key trends and issues within its precincts and develop programs accordingly.
- The Foreshore Authority's policies, which continued to enhance customer service, access for people with disabilities, privacy management and community consultation. The code of conduct guides standards of behaviour for staff. Policies that relate to more specific areas of responsibility are also regularly reviewed, such as signage and outdoor seating.
- Implementation of community relations plans to gather and distribute information in various ways, such as public meetings, websites, workshops and regular newsletters.
- Research projects, which were undertaken to assist the Foreshore Authority in meeting the needs and expectations of visitors to The Rocks and Darling Harbour. This ensures marketing strategies reflect the interests and concerns of customers in these precincts.

## Privacy management plan

The Foreshore Authority has developed a Privacy Management Plan in response to the *Privacy and Personal Information Act 1998*. The Act aims to protect the privacy of individuals from inappropriate collection, storage, use and disclosure of personal information by NSW public sector agencies.

It is based on 12 information principles that establish standards for using personal information in an open and accountable manner. The information protection principles apply to all staff, consultants and contractors engaged by the Foreshore Authority.

The Privacy Management Plan is available on the Foreshore Authority's website.

There were no privacy complaints received throughout the year.

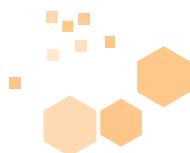
## Overseas travel

The Foreshore Authority's Bookrite Development Manager, Phillip Hancock, travelled to Auckland, New Zealand from 3 to 9 November 2005 to deliver sales presentations to potential clients and meet with a consultant to the New Zealand tourism industry to discuss potential opportunities.

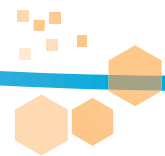
The Foreshore Authority's acting Tourism Marketing and Development Officer, Louise Wallace, attended Oz Talk New Zealand from 5 to 9 April 2006 to deliver a series of presentations to New Zealand travel agents on the Foreshore Authority's tourism products in The Rocks and Darling Harbour.

The Foreshore Authority's Event Business Management System administrator, Damian Jeacle, attended a conference in Wellington, New Zealand on 29 to 30 May 2006 concerning the computer software product used by the Foreshore Authority's events team to manage the administration of commercial and community venue hire bookings.

The General Manager, Darling Harbour, Bob Deacon, visited Seoul, South Korea to deliver a paper on Darling Harbour's redevelopment at an international conference on the redevelopment of the Busan Harbour Area, South Korea. All costs for the General Manager's overseas travel from 14 to 19 June 2006 were covered by the Busan Port Authority.







### Credit card certification

Seven Sydney Harbour Foreshore Authority senior executives hold corporate credit cards. The credit limit of the cards is between \$2,000 and \$5,000, with the exception of the Chief Executive Officer's card, which is limited to \$10,000, as approved by the Foreshore Authority's Board.

The Foreshore Authority has a Corporate Credit Card Policy, which meets NSW Treasury guidelines. Cardholders are required to observe the policy and complete a reconciliation form each month. The Foreshore Authority's Chief Financial Officer or Chief Executive Officer authorises recoupment.

### Legislative change and departures from subordinate legislation

The *Sydney Harbour Foreshore Authority Amendment Regulation 2005* was gazetted in July 2005. The objects of this Regulation were to:

1. Update the area described as the foreshore area in the *Sydney Harbour Foreshore Authority Act 1998*.
2. Amend the *Sydney Harbour Foreshore Authority Regulation 1999* to:
  - a. Include the Maritime Services Building at The Rocks, which is currently occupied by the Museum of Contemporary Art, as core land for the purposes of the Act.
  - b. Provide for offences under the Regulation to be penalty notice offences.

### Freedom of information

The *Freedom of Information Act NSW 1989* enables a member of the public to access documents held by the Foreshore Authority. The Foreshore Authority makes as much information available to the public as possible.

Details of requests are shown in the table to the right.

### Freedom of information

This table shows details of freedom of information (FOI) requests received by the Foreshore Authority.

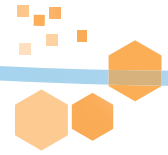
FOI requests	2005/06	2004/05
New applications	17	4
Brought forward	0	5
Total to be processed	17	9
Completed	17	9
Transferred out	0	0
Withdrawn	2	1
Total processed	15	8
Unfinished (carried forward to 2005/06)	0	0
<b>Result of FOI requests</b>	<b>Personal</b>	<b>Other</b>
Granted in full	0	13
Granted in part	0	0
Refused	0	2
Deferred	0	0
Completed	0	15
<b>Request details</b>	<b>Personal</b>	<b>Other</b>
Ministerial certificates issued	0	0
Requests requiring formal consultation	0	4
Requests for amendment of personal records	0	0
Requests for notation of personal records	0	0
Basis for disallowing or restricting access Section 19 (application wrongly directed)	0	0
<b>Fees of requests processed</b>	<b>Personal</b>	<b>Other</b>
Assessed costs	0	\$2,367
Fees received	0	\$1,920
<b>Type of discounts allowed</b>	<b>Personal</b>	<b>Other</b>
Public interest	0	0
Financial hardship (pensioner)	0	0
Financial hardship (non-profit)	0	0
Significant correction of records	0	0
<b>Processing times</b>	<b>Personal</b>	<b>Other</b>
<b>Days to process</b>		
0 - 21 days	0	10
11 - 35 days	0	1
More than 35 days (advance payment and consultation involved)	0	4
<b>Processing time</b>		
0 - 10 hours	0	14
11 - 20 hours	0	0
21 - 40 hours	0	1
More than 40 hours	0	0
<b>Review of appeals</b>	<b>Personal</b>	<b>Other</b>
Internal reviews finalised	0	1
Ombudsman reviews finalised	0	0
District Court actions finalised	0	0
<b>Basis of internal review grounds on which requested access reviewed</b>	<b>Personal</b>	<b>Other</b>
Access refused	0	0
Deferred	0	0
Exempt matter	0	1
Unreasonable charges	0	0
Charge unreasonable incurred	0	0
Amendment refused	0	0



The Foreshore Authority's Mentoring Program has proved to be an invaluable tool for developing and retaining leadership potential and enhancing career development and satisfaction.

The Foreshore Authority has a range of initiatives and strategies in place to encourage an engaged, productive and capable workforce.

The outstanding achievements of many employees were recognised through the CEO's Guiding Principles Awards and annual Star Awards.



## Our people

### CEO's Guiding Principles Awards

During the year, the Foreshore Authority introduced the CEO's Guiding Principles Awards to promote a culture of excellence in service delivery, leadership and innovation.

These monthly awards recognise and reward staff for achievements based on ten guiding principles (below), which embed the organisation's corporate values into the way that staff do things.

#### Ten guiding principles

**Deliver on promises** – We deliver on our promises by excelling at implementation.

**Communication** – We communicate openly and honestly.

**Innovation** – We value innovation, initiative, resourcefulness and creativity.

**People** – We trust and support each other and respect people for their character and their ideas.

**Teamwork** – We work together to build a common view and seek each other's advice, recognising individual strengths and the synergy of the team.

**Leadership** – We take responsibility for our mistakes as well as our successes.

**Customers** – We understand and meet our customers' needs and expectations.

**Integrity** – We are committed to fairness and integrity in all our activities.

**Excellence** – We set high standards and are demanding in our quest to achieve them.

**Social responsibility** – We care and take responsibility for social outcomes within our precincts.

### Star Awards

The Foreshore Authority's third annual staff awards night was held this year to recognise and celebrate the outstanding contribution of staff. Over 170 staff attended the Star Awards which saw staff receive recognition in categories such as customer service, leadership, sustainability, innovation and precinct promotion.

### Mentoring partnerships

The Foreshore Authority's Mentoring Program first ran in 2005 with over 60 mentors and mentees. A second group of around 40 new participants commenced the program in 2006, meaning that as of the end of June almost half of the Foreshore Authority's full-time equivalent staff had been involved.

The program has proved to be an invaluable tool for developing and retaining leadership potential; enhancing career development and satisfaction; embedding key values and behaviours; and achieving organisational strategic goals.

Further activities planned for the 2006 program include a peer support workshop, progress forum and social events.

The program has proved enormously successful and is now part of the Foreshore Authority's ongoing development activities. The program has attracted excellent feedback from both internal and external sources, and the Foreshore Authority understands that other organisations are now using it as a benchmark for their own mentoring programs.

### Ongoing training programs

Significant resources were devoted to the training and development of staff, with each employee spending an average of three days in training during the year.

In 2005/06, 45 employees completed a three day project management training program, with five progressing to attain a Certificate IV in Project Management. The program equipped staff with effective project management skills that integrate both sustainability and profitability.

The Foreshore Authority conducted the following internal training courses:

- Foreshore Authority orientation workshops.
- Ethics workshops.
- Myers Briggs Type Indicator workshops.
- E-Office online learning.
- Disability awareness training.

The Foreshore Authority also commenced development of its 'Manage to Manage' management development program, the centrepiece of which is the potential for staff to work towards achieving a Diploma of Business. The program will be progressively rolled out to staff in 2007.

The table on page 42 shows some human resources achievements.

## Human resources achievements

This table shows highlights of the Foreshore Authority's human resources achievements.

	Target	2005/06	2004/05
Training days per employee	> 3 days	> 3 days	> 3 days
Queries responded to by human resources department within 48 hours	90%	100%	100%

## Helping employees stay healthy

The Foreshore Authority's Healthy Lifestyle Program was continued to enhance wellbeing, promote interaction among staff and create a health conscious work environment. Benefits of the Healthy Lifestyle Program include improved staff retention and attraction, stress resilience, a happier and healthier workplace, improved work performance, team cohesion, reduced risk of lifestyle diseases and a reduction in insurance premiums.

Through the program, employees had access to:

- Discounted Fitness First gym membership and yoga and group fitness classes.
- A quit smoking program.
- Health audits and assessments.
- Flu vaccinations.
- A seminar on nutrition.
- Online health tips on the intranet.

Staff were also encouraged to participate in the 2006 NSW Corporate Games, City to Surf and Walk to Work Day.

## Women in the workplace

The Foreshore Authority is committed to the NSW Government Action Plan for Women and the Government's efforts to promote workplaces that are equitable, safe and responsive to all aspects of women's lives.

Key activities undertaken in 2005/06 included:

- Expressions of interest released for short term vacancies exceeding five days, with emphasis on encouraging and supporting women applicants.
- Part-time work opportunities offered to women returning from maternity leave.

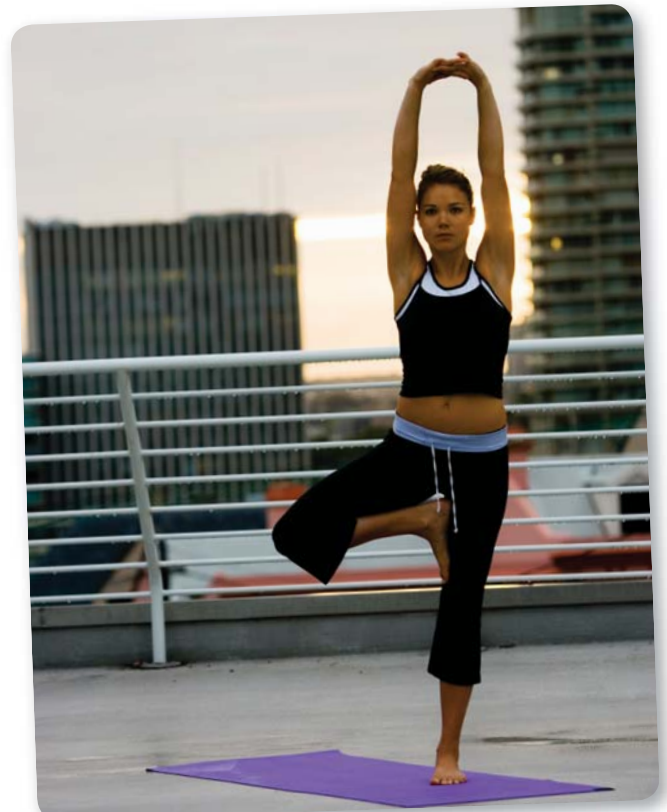
## Code of conduct

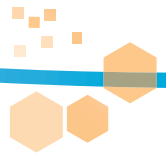
The Foreshore Authority's code of conduct issued in 2005 was reviewed and revised to incorporate the principles of ethical or responsible decision-making. The code of conduct embodies the public sector values of respect for the law, the system of government and the community and persons; integrity; diligence; economy and efficiency; and accountability.

The code also deals with situations where a person may be unsure of the appropriate course of action. Matters dealt with in the code of conduct include conflicts of interest; copyright and licenses; internal information and information on clients; secondary employment; political participation; public comment; dealings with ex-employees of the Foreshore Authority; and reporting breaches of the code and corrupt conduct.

Ethics training for all staff continued throughout 2005/06 with all new employees attending an ethics training session.

*The Healthy Lifestyle Program helps create a happier and healthier workplace for staff.*





## Safety a priority

The Foreshore Authority is committed to providing a safe and supportive work environment within a professional, resourceful organisation.

A range of services were provided to ensure management and staff met the requirements of the *Occupational Health and Safety Act 2000* and *Workplace Injury Management and Workers Compensation Act 1998*. During the year:

- The Healthy Lifestyle Program continued.
- Quarterly workers compensation claims reviews were undertaken.
- A further reduction of \$270,000 in workers compensation premium costs as compared to 2004/05 was achieved.
- OHS and information management responsibility statements were included in all position descriptions.
- OHS training for staff took place, including topics on manual handling and risk management.
- Development continued on the online injury and illness reporting system.
- Qualified Foreshore Authority staff commenced ergonomic work station assessments.
- An accredited Return to Work Coordinator was appointed within the Foreshore Authority.
- Comprehensive testing and tagging of all electrical equipment was undertaken.
- The total cost of claims was reduced to \$618.

The Foreshore Authority also developed and conducted an OHS Induction and Risk Management Program for casual staff working on organised and conducted events, including community and cultural festivals. Over 50 casual staff attended the workshops, equipping them with the skills to carry out their duties safely.

There were no prosecutions under the *Occupational Health and Safety Act 2000* during the year.



## CPR Chris

**In May 2006, the quick actions and expert training of The Rocks Ranger, Chris Scott, saved the life of a British tourist.**

**The 80-year-old UK tourist was sightseeing in The Rocks with family when he suffered a medical condition including shortness of breath. Chris, who was nearby, received a radio call from The Rocks control team and attended immediately. Chris found the man slumped on a chair surrounded by patrons and distressed relatives. Chris resuscitated the man three times after he repeatedly lost consciousness.**

**Paramedics then arrived and transported the man to St Vincent's Hospital. He was discharged the following day.**

**The man's son, who lives in Sydney, contacted the Foreshore Authority the same day to express his family's heartfelt thanks to Chris and The Rocks control team for all their efforts in saving his father's life.**

**To become a Sydney Harbour Foreshore Authority Ranger, applicants must hold a St John senior first aid certificate - skills which were invaluable throughout Chris's life-saving efforts.**

## Diamond Fred

**A Victorian woman on a visit to Darling Harbour in March 2006 was distressed when she dropped her gold diamond-studded earring into a storm water drain. She notified the Foreshore Authority's Rangers but as she was due to return home the same day, left the retrieval mission in the Rangers' capable hands. Thankfully, staff from Sydney Harbour Foreshore Authority were able to retrieve the precious earring the following day.**

**Soon after, the Foreshore Authority's facilities supervisor Fred Ayres was scheduled to take a holiday to Bendigo, Victoria. Fred thoughtfully chose to take a slight detour to personally deliver the earring. The woman was extremely impressed and delighted that her pair of earrings had been reunited!**

**Fred was only too happy to go above and beyond the call of duty to help.**

## Trends in the representation of EEO groups

This table shows a snapshot of staff numbers by employment basis as at 30 June 2006.

Employment basis	Total staff	Percentage	Number of men	Number of women	Aboriginal and Torres Strait Islander people	People from racial, ethnic, ethno-religious minority groups	People whose first language was not English	People with a disability	People with a disability requiring work related adjustment
Permanent full-time	170	54%	90	80	1	40	13	1	0
Permanent part-time	18	6%	5	13	0	4	6	0	0
Temporary full-time	27	9%	16	11	0	6	4	0	0
Temporary part-time	10	3%	1	9	0	4	2	0	0
Casual	87	28%	44	43	0	23	14	0	0
Total	312	100%	156	156	1	77	39	1	0
Percentage			50%	50%	<1%	25%	13%	<1%	0%

### Equal opportunity for all

The Foreshore Authority promoted Equal Employment Opportunity (EEO) in a range of projects including:

- Implementing a Flexible Working Hours Agreement that allows for greater balance between work and family life.
- Improving website accessibility for customers from various EEO groups.
- Implementing a new Induction and Orientation Program.
- Launching the Pilot Disability Awareness Program to raise awareness of the opportunities to improve access in The Rocks and Darling Harbour.

Equity principles also continue to be promoted through the Foreshore Authority's code of conduct; via the Intranet; in the induction of new recruits; and through training.

The Foreshore Authority also collects EEO data regularly for the Premier's Department workforce profile, which measures performance in meeting NSW Government employment benchmarks for staff from EEO minority groups. The data also informs planning and development of EEO initiatives.

Trends in the representation of EEO groups among Foreshore Authority staff are shown in the table above.

### Ethnic affairs a priority

The Foreshore Authority aims to be sensitive to the cultural, ethnic and religious needs of NSW society in the planning, development and delivery of its services.

The organisation's workforce reflects the social diversity of the general workforce and significantly, this diversity is represented at all levels.

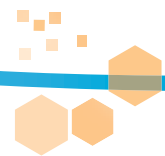
Staff members for the Sydney Visitor Centre are recruited from a broad range of ethnic backgrounds, with many fluent in languages such as German, Spanish, Italian, Japanese and Cantonese. These staff members are encouraged to use their language skills to improve communication with customers who speak a language other than English.

In addition, Sydney Learning Adventures employs multilingual guides and utilises translated materials for its educational tours and products. The Teacher Resource Packs for two Sydney Learning Adventure tours, *Digging Up Sydney* and *Bangabaoui: Aboriginal Cultural Harbour Cruise*, have been translated to cater to Japanese-speaking teachers. Sydney Learning Adventures tours are also adapted as requested to suit clients who speak English as a second language.

The development and addition of *Bangabaoui: Aboriginal Cultural Harbour Cruise* to the Sydney Learning Adventures program offers students and visitors an Aboriginal perspective of the interpretation of the history of Sydney Harbour and its foreshore. Acknowledgement of traditional landowners occurs in all relevant Sydney Learning Adventures programs.

Sydney's Aboriginal history is further captured in The Rocks Discovery Museum. The Foreshore Authority took a cutting edge approach to creating authentic Aboriginal content, working in consultation with various Aboriginal communities (see page 29 for details).

The Foreshore Authority also facilitated a large number of ethnic and cultural festivals within its precincts in 2005/06.



## Staff numbers

Details of Foreshore Authority staff are shown in the tables on this page. The table to the right shows the number of employees in senior positions. The table below shows the number of staff by category.

### Number of Chief Executive Service (CES) and Senior Executive Service (SES) positions

	2005/06	2004/05	2003/04
CES/SES positions	5	5	5
Positions filled by women	3	3	2
Positions at SES Level 7	1*	1	1
Positions at SES Level 4	4	4	4

\* Rob Lang, CEO of Sydney Harbour Foreshore Authority holds the only position at SES Level 7.

## Staff numbers by category

Salary scale	30 June 2006			30 June 2005			30 June 2004		
	Total staff	Women	People whose first language was not English	Total staff	Women	People whose first language was not English	Total staff	Women	People whose first language was not English
Salaries below clerical officer grade 1; 21 year old or equivalent	0	0	0	2	1	1	8	7	8
Salaries from clerical officer grade 1; 21 year old rate to below minimum clerk grade 1 rate or equivalent	8	6	5	7	6	5	4	2	0
Grade 1 - 2 or equivalent	31	19	7	32	19	8	33	20	9
Grade 3 - 5 or equivalent	36	21	7	34	24	7	15	11	3
Grade 6 - 9 or equivalent	65	42	10	60	37	9	68	40	2
Grade 10 - 12 or equivalent	42	14	3	37	10	2	47	9	0
Above Grade 12 or equivalent	43	11	2	44	13	2	37	15	0
Total staff in established positions*	225	113	34	216	110	34	212	104	22

\* Figures do not include casual staff. Part-time staff are counted individually.

## Industrial relations

The Joint Consultative Committee continued to be a productive mechanism in discussing and disseminating information. There were no industrial disputes lodged by the NSW Public Service Association with the Industrial Relations Commission of NSW relating to payment of an on-call allowance. There was no working time lost due to industrial disputation.

A new Flexible Working Hours Agreement was implemented, which allowed for a change in bandwidth and minor changes to the saved flexitime provisions. The agreement was ratified after a vote by union members.

Renegotiation of the Crown Employees (Sydney Harbour Foreshore Authority 2003) Award continues. A major change of the Award will be the removal of the working hours clause, replaced by the Flexible Working Hours Agreement. Other proposed changes include a variation to the method of payment of annual leave loading and alterations to certain grades in the Professional Officer, Administrative Officer and Operation Officer classifications.

There were no exceptional movements in wages, salaries or allowances, except for increases awarded across the public sector by the Industrial Relations Commission of NSW.

## Specialised consultants

The Foreshore Authority engages consultants for specialised work only where there is no in-house expertise.

The Foreshore Authority has used consultants in specialist areas such as engineering, technology and business systems analysis, property and environment.

In 2005/06, the Foreshore Authority engaged eight consultants whose fees were more than \$30,000, as shown in the table below. These fees totalled \$528,432.

Seven consultants whose fees were up to \$30,000 were also engaged, with fees totalling \$112,844.

### Consultants

*This table shows consultants engaged by the Foreshore Authority during the year with fees over \$30,000.*

Consultant name	Description	Total \$
Biosis Research	Heritage and conservation	44,162
Business Catalyst Asia Pacific	Business management	91,278
Daltor Property Pty Ltd	Property	66,370
DEGW Asia-Pacific Pty Ltd	Property	53,000
Macroplan Australia	Economic analysis	59,684
Ochre Consulting Pty Ltd	Risk management	44,550
PriceWaterHouseCoopers Legal	Accounting and finance	128,761
TSA Management Pty Ltd	Business and financial analysis management	40,627
<b>Total</b>		<b>528,432</b>







## Financial statements



# Financial statements

## Contents

<b>Sydney Harbour Foreshore Authority</b>	<b>49</b>
<b>Financial report for the year ended 30 June 2006</b>	
Directors' statement	49
Independent audit report	50
Income statement	51
Balance sheet	52
Statement of changes in equity	53
Cash flow statement	54
Notes to the financial statements	55
<b>Office of the Sydney Harbour Foreshore Authority</b>	<b>81</b>
<b>Financial report for the year ended 30 June 2006</b>	
Directors' statement	81
Independent audit report	82
Income statement	83
Balance sheet	84
Statement of changes in equity	85
Cash flow statement	86
Notes to the financial statements	87
<b>Sydney Harbour Foreshore Authority Casual Staff Division</b>	<b>95</b>
<b>Financial report for the period ended 30 June 2006</b>	
Directors' statement	95
Independent audit report	96
Income statement	97
Balance sheet	98
Statement of changes in equity	99
Cash flow statement	100
Notes to the financial statements	101

# Sydney Harbour Foreshore Authority

Financial report for the year ended 30 June 2006

## Directors' statement

### Statement by the Chairman and the Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2006.

Certificate Under Section 41C of the *Public Finance and Audit Act 1983*.

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Chief Executive Officer of Sydney Harbour Foreshore Authority, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Sydney Harbour Foreshore Authority as at 30 June 2006 and transactions for the year ended on that date.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Amendment (Financial Statements) Regulation 2005* and the Treasurer's Directions.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**Jon Isaacs**

Chairman

Sydney Harbour Foreshore Authority



**Rob Lang**

Chief Executive Officer

Sydney Harbour Foreshore Authority

Sydney, dated this 20th day of October 2006

# Sydney Harbour Foreshore Authority

Independent audit report for the year ended 30 June 2006



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT SYDNEY HARBOUR FORESHORE AUTHORITY

To Members of the New South Wales Parliament

### Audit Opinion

In my opinion, the financial report of the Sydney Harbour Foreshore Authority (the Authority)

- presents fairly the Authority's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

### Scope

#### *The Financial Report and the Board's Responsibility*

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the Authority, for the year ended 30 June 2006.

The members of the Board of the Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit Approach*

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### *Audit Independence*

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A handwritten signature in black ink, appearing to read 'David Jones'.

David Jones  
Director, Financial Audit Services

SYDNEY  
20 October 2006

## Sydney Harbour Foreshore Authority

START OF AUDITED FINANCIAL STATEMENTS

Income statement for the year ended 30 June 2006

	Notes	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue from ordinary activities	2(a)	157,708	200,301	160,360	192,956
Property related expenses	2(b)	(68,021)	(69,870)	(68,021)	(65,218)
Employee related expenses	2(b)	(24,117)	(24,588)	(24,117)	(23,438)
Depreciation and amortisation	2(b)	(13,604)	(13,443)	(13,604)	(12,004)
Remediation costs	-	-	(3,494)	-	-
Finance costs	2(b)	(883)	(833)	(883)	(833)
Other expenses	2(b)	(34,267)	(87,155)	(34,267)	(86,282)
<b>Surplus before income tax</b>		<b>16,816</b>	<b>918</b>	<b>19,468</b>	<b>5,181</b>
<b>Income tax expense</b>	3	<b>(399)</b>	-	<b>(399)</b>	-
<b>Profit attributable to the equity holders</b>		<b>16,417</b>	<b>918</b>	<b>19,069</b>	<b>5,181</b>

The above income statement is to be read in conjunction with the attached notes.

## Sydney Harbour Foreshore Authority

Balance sheet as at 30 June 2006

	Notes	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	77,652	67,147	77,652	67,147
Receivables	5	13,166	53,903	16,105	53,903
Inventories	6	859	4,860	859	4,860
<b>TOTAL CURRENT ASSETS</b>		<b>91,677</b>	<b>125,910</b>	<b>94,616</b>	<b>125,910</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	5	13,297	18,108	13,297	18,108
Investment property	7	460,749	448,133	460,749	448,133
Property, plant and equipment	8	562,058	528,641	559,119	525,989
Inventories	6	4,090	9,710	4,090	9,710
Intangible assets	9	599	191	599	191
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,040,793</b>	<b>1,004,783</b>	<b>1,037,854</b>	<b>1,002,131</b>
<b>TOTAL ASSETS</b>		<b>1,132,470</b>	<b>1,130,693</b>	<b>1,132,470</b>	<b>1,128,041</b>
<b>CURRENT LIABILITIES</b>					
Payables	10	31,954	37,568	34,473	39,699
Other liabilities	11	6,591	9,045	6,591	9,045
Provisions	14	22,210	13,399	19,691	11,268
<b>TOTAL CURRENT LIABILITIES</b>		<b>60,755</b>	<b>60,012</b>	<b>60,755</b>	<b>60,012</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	10	-	-	2,958	5,172
Other liabilities	11	437,356	442,386	437,356	442,386
Interest bearing liabilities	12	10,000	10,000	10,000	10,000
Provisions	14	2,958	5,172	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>450,314</b>	<b>457,558</b>	<b>450,314</b>	<b>457,558</b>
<b>TOTAL LIABILITIES</b>		<b>511,069</b>	<b>517,570</b>	<b>511,069</b>	<b>517,570</b>
<b>NET ASSETS</b>		<b>621,401</b>	<b>613,123</b>	<b>621,401</b>	<b>610,471</b>
<b>EQUITY</b>					
Retained profits	15(a)	621,401	613,123	621,401	610,471
Asset revaluation reserve	15(b)	-	-	-	-
<b>TOTAL EQUITY</b>		<b>621,401</b>	<b>613,123</b>	<b>621,401</b>	<b>610,471</b>

The above balance sheet is to be read in conjunction with the attached notes.

## Sydney Harbour Foreshore Authority

Statement of changes in equity for the year ended 30 June 2006

	Notes	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Gain on property revaluation	15(b)	-	1,886	-	-
Net increases/(decreases) in equity	15(a)	2,861	-	2,861	-
Other net increases/(decreases) in equity:					
Distribution by owner to ATP	15(a)	-	(48,649)	-	(47,476)
Dividend to State Government	15(a)	(11,000)	(10,000)	(11,000)	(10,000)
<b>Net income and expense recognised directly in equity</b>		<b>(8,139)</b>	<b>(56,763)</b>	<b>(8,139)</b>	<b>(57,476)</b>
Surplus/(deficit) for the period		16,417	918	19,069	5,181
<b>Total income and expense recognised for the period</b>		<b>8,278</b>	<b>(55,845)</b>	<b>10,930</b>	<b>(52,295)</b>

*The above statement of changes in equity is to be read in conjunction with the attached notes.*

## Sydney Harbour Foreshore Authority

Cash flow statement for the year ended 30 June 2006

	Notes	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
		Inflow (Outflow)	Inflow (Outflow)	Inflow (Outflow)	Inflow (Outflow)
<b>Cash flows from operating activities</b>					
Receipts from customers		202,088	162,116	202,088	152,500
Payment to suppliers and employees		(147,708)	(152,571)	(147,708)	(145,861)
Other grants		(440)	(391)	(440)	(391)
Interest and other finance cost paid		(882)	(780)	(882)	(780)
<b>Net cash provided by operating activities</b>	<b>18(b)</b>	<b>53,058</b>	<b>8,374</b>	<b>53,058</b>	<b>5,468</b>
<b>Cash flows from investing activities</b>					
Cash proceeds of in the transfer of ATPPML		-	(16,450)	-	-
Interest received		5,031	2,555	5,031	3,843
Payments for property, plant and equipment		(37,972)	(25,159)	(37,972)	(23,945)
<b>Net cash (used in) investing activities</b>		<b>(32,941)</b>	<b>(39,054)</b>	<b>(32,941)</b>	<b>(20,102)</b>
<b>Cash flows from financing activities</b>					
Investment in subsidiary		-	-	-	(15,000)
Repayment of loans		-	41,267	-	41,267
Security deposits and bonds		(431)	30	(431)	30
Dividend paid		(10,000)	(5,000)	(10,000)	(5,000)
Forward deposits and retentions		818	2,648	818	2,648
<b>Net cash provided by/(used in) financing activities</b>		<b>(9,613)</b>	<b>38,945</b>	<b>(9,613)</b>	<b>23,945</b>
Net increase/(decrease) in cash held		10,505	8,265	10,505	9,311
Cash at the start of the financial year		67,147	58,882	67,147	57,836
<b>Cash at the end of the financial year</b>	<b>18(a)</b>	<b>77,652</b>	<b>67,147</b>	<b>77,652</b>	<b>67,147</b>

The above cash flow statement is to be read in conjunction with the attached notes.



# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

The following are the principal accounting policies and practices adopted in the preparation of these financial statements.

### Note 1 Summary of significant accounting policies

#### (a) Reporting entity

Sydney Harbour Foreshore Authority (the Foreshore Authority), as a reporting entity, comprises all the entities under its control. Consolidated entity comprises the Foreshore Authority and its controlled entities - Cooks Cove Development Corporation (CCDC), Office of the Sydney Harbour Foreshore Authority (the Office) and the Foreshore Authority Casual Staff Division (Casual Staff Division).

The Office and Casual Staff Division are Divisions of the Government Service, established pursuant to Parts 1 and 3 of Schedule 1 to *Public Sector Employment Legislation Amendment Act 2006*. Their sole objectives are to provide personnel services to the Foreshore Authority.

The Casual Staff Division commenced operations on 17 March 2006 when it assumed responsibilities for the casual employees and employee-related liabilities of the Foreshore Authority. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related liabilities as the previous employer.

The Foreshore Authority and its controlled entities are not-for-profit entities as profit is not their principal objective. They are consolidated as part of the NSW Total State Sector Accounts.

On 1 April 2005, the consolidated entity, under Ministerial direction, transferred the net assets of its subsidiary, Australian Technology Park Precinct Management Limited (ATPPML), to Redfern-Waterloo Authority. As per Treasury Policy and Guidelines Paper 06-7 *Contributions By Owners Made to Wholly-Owned Public Sector Entities*, the transactions were recognised as equity transfers. The equity reconciliation, as a result of the loss of control in ATPPML, is fully explained in Note 15.

In the process of preparing the consolidated financial statements for the economic entity consisting of the Foreshore Authority, CCDC, the Office and Casual Staff Division, all inter-entity transactions and balances have been eliminated.

#### (b) Statement of compliance

The financial report is a general-purpose financial report which has been prepared on an accrual basis and in accordance with applicable Australian equivalents to International Financial Reporting Standards (A-IFRS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG)

Interpretations, the requirements of the *Public Finance and Audit Act 1983* (the Act) and Regulations and Financial Reporting Directions issued by the Treasurer under section 9(2)(n) of the Act.

#### (c) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgments, 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 circumstance, the results of which form the basis of making the judgments. 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. Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where

applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006 and in the preparation of the opening A-IFRS balance sheet at 1 July 2005, the Foreshore Authority's date of transition.

The financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000).

#### (d) Financial risk management objectives and policies

The Foreshore Authority's principal financial instruments comprise cash, investment with NSW Treasury Corporation Hour-Glass cash management facilities, finance leases and debt from NSW Treasury Corporation.

The main purpose of these financial instruments is to fund the Foreshore Authority's operations. The Foreshore Authority has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Foreshore Authority's policy that no trading in financial instruments shall be undertaken.

# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

The main risks arising from the Foreshore Authority's financial instruments are interest rate risk, liquidity risk and credit risk. The Executive reviews and agrees policies for managing each of these risks and they are summarised below:

### Interest rate risk

The Foreshore Authority's exposure to market risk for changes in interest rates relates primarily to its investment in NSW Treasury Corporation. There is no exposure to interest rate risk for a period longer than one year.

### Credit risk

The Foreshore Authority trades only with recognised, creditworthy third parties.

Receivable balances are monitored on an ongoing basis with the result that the Foreshore Authority's exposure to impairment is not significant.

### Liquidity risk

The Foreshore Authority's objective is to maintain a satisfactory level of liquidity. The Foreshore Authority has no significant borrowings which are likely to require significant cash flow in the foreseeable future.

### (e) Administered activities and trust arrangements

The Foreshore Authority administers, but does not control, the Luna Park Reserve Trust. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Foreshore Authority's own objectives. Transactions and balances relating to the Trust are not recognised as the Foreshore Authority's income, expenses, assets and liabilities. Separate financial statements are prepared for the Trust.

CCDC is a Development Corporation established under the *Growth Centres (Development Corporations) Act 1974*. In September 2001, CCDC appointed the Foreshore Authority to administer its activities. All costs incurred by the Foreshore Authority in exercising its functions are to be of the account of the Foreshore Authority. The Foreshore Authority is responsible for making use of its employees and its facilities at its own

costs, and must pay all costs and expenses incurred by CCDC. The Foreshore Authority will receive any money realised by CCDC in relation to this project. CCDC is a controlled entity of the Foreshore Authority.

### (f) Income recognition

Income is recognised when the consolidated entity has control of the assets that result from income generating transactions or the right to receive control. It is probable that the economic benefits will flow to the consolidated entity and the amount of income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below:

#### (i) Sale of goods and services

Income is recognised when the consolidated entity transfers the significant risks and rewards of ownership of the assets and obtains control of the assets that result from sales.

Commercial property sales are recognised as income upon unconditional exchange of contract.

#### (ii) Rental income

Rental income received as upfront payments for both long and short term leases is recognised on a straight-line basis over the lease term in accordance with AASB 117 *Leases*. The unexpired portion of the lease is recognised as liability as per the accounting standard and NSW Treasury Policy TPP06-3 *Lessor Accounting for Prepaid Long Term Leases of Land*. The amounts of the upfront payments are disclosed in Note 11.

#### (iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### (iv) Prepaid rents on development sites (included in revenue in advance)

The Foreshore Authority may, from time to time, receive upfront rental payments on development sites.

These payments can cover a ten to ninety-nine year period and are being brought to account as income progressively over the relevant years.

### (v) Grants

Grants are recognised as income when the Foreshore Authority obtains control over the assets comprising the grant. Control is normally obtained upon the receipt of cash.

### (g) Employee benefits and other provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The government bond rate of 5.75% was applied for discounting purposes.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

### Defined contribution plans:

Contribution to defined contribution funds such as Basic Benefit and First State Super, are expensed when incurred. It was calculated as a percentage of the employees' salary. Nine percent was contributed in 2005/06 and 2004/05.

# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

### Defined benefit superannuation plans:

For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, in the period in which they occur, and are presented in the Income Statement.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The Casual Staff Division commenced operations on 17 March 2006 when they assumed responsibility for the employees and employee-related on-costs of the Foreshore Authority. They are special purpose entities as their only function is to provide personnel services to the Foreshore Authority.

### (h) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred (except where they are included in the costs of qualifying assets).

### (i) Insurance

The Foreshore Authority's insurance policies are held covering property, public liability, directors' liability and other contingencies. These insurance covers are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The premium is determined by the Fund Manager based on past claim experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

### (j) Accounting for the Goods and Services Tax (GST)

Incomes, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- receivables and payables are stated with the amount of GST included.

### (k) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Foreshore Authority. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, its cost is the cash price equivalent, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

### (l) Capitalisation of property, plant and equipment

The Foreshore Authority's policy is to capitalise all costs incurred in property development.

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

### (m) Revaluation of physical non-current assets

Physical non-current assets are valued in accordance with the Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper (TPP 05-03). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*. Information on investment property is separately discussed at Note 1(t).

The fair value of land under a prepaid long term lease is negligible and as such it is recorded at \$1 in the asset register. However, land under a prepaid long term lease, irrespective of whether an upfront lease income was received, that continues to receive a rental stream is measured at fair value as per AASB 140 *Investment Property*.

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

Land and buildings, including open spaces and roads, are revalued at least every five years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The last revaluation was completed as at 30 June 2004, based on an independent assessment from Urbis JHD.

Land and buildings comprise public domain assets, roads and other infrastructure. Also included in the non-cash generating asset category are the Chinese Gardens and Sydney Convention and Exhibition Centre at Darling Harbour, which are specialised assets not held under lease, where the economic benefit of these assets is not primarily dependent on the cash inflows produced. These two assets are valued at written down replacement cost.

# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

### (n) Impairment of property, plant and equipment

As a not-for-profit entity, the Foreshore Authority is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

### (o) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Foreshore Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Land is not a depreciable asset.

Depreciation of art and artefacts is not recognised because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

	Rate %
Computer equipment	33
Furniture and fittings	20
Motor vehicles	20
Plant and equipment	25
Property	(i)
Leasehold improvements	(ii)

(i) Dependent on the life remaining, which ranges from 5 to 60 years. In the case of heritage buildings, the useful life of the internal fabric is significantly shorter than the exterior; they are therefore separately identified and depreciated over their shorter lives. On the other hand, some components of the newly built infrastructure at Pyrmont are estimated to have a useful life of up to 60 years.

(ii) Shorter of the period of the lease or useful life.

### (p) Major inspection costs

When each major inspection is performed, the labour cost of performing inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria is satisfied.

### (q) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

### (r) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

### (s) Leased assets

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### Lease incentive

Lease incentives include upfront cash payments to the lessee or the reimbursement or assumption by the Foreshore Authority, as the lessor, of costs of the lessee (such as relocation costs, leasehold improvements, fit-out contributions and costs associated with a pre-existing lease commitment). Alternatively, the initial period of the lease term may be agreed to be rent-free or at a reduced rent, and shall be recognised, in accordance with UIG Interpretation 115.

### Operating leases incentives

It is an aggregate cost, which is a reduction of rental income over the lease term on a straight-line basis.

### (t) Investment properties

The Foreshore Authority owns properties held to earn rentals and/or for capital appreciation. Investment properties are stated at fair value supported by market evidence at the balance sheet date. Gains or losses arising from changes in fair value are included in the income statement in the period in which they arise. No depreciation is charged on investment properties.

### (u) Intangible assets

Intangible assets are only recognised if it is probable that future economic benefits will flow to the Foreshore Authority and the cost of the asset can be measured reliably.

The useful lives of intangible assets are assessed to be infinite. Intangible assets are measured initially at cost and subsequently at fair value only if there is an active market. As there is not an active market for the Foreshore Authority's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Foreshore Authority's intangible assets are amortised using the straight-line method at a rate of 33%.

Given the Foreshore Authority is a not-for-profit entity, it is exempt from impairment testing.

# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

### **(v) Loans and receivables – year ended 30 June 2006 (refer to Note 1(ab) for 2004/05 policy)**

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on transaction cost or face value.

Short term receivables with no stated interest rate are measured at the original invoice amount less an allowance for impairment.

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Foreshore Authority will not be able to collect all amounts due. The amount of the impairment loss is recognised in the income statement.

### **(w) Inventories**

Inventory comprises retail and publicity material held for resale. It also includes all property that is held for development and eventual sale. Property inventory includes the acquisition cost of land and buildings, rights of way and easements together with development costs. They also include the capitalised costs of planning, project management, feasibility studies, design and construction. Inventories are stated at the lower of cost or net realisable value.

### **(x) Other assets**

Other assets including prepayments are recognised on a cost basis.

### **(y) Payables – year ended 30 June 2006 (refer to Note 1 (ab) for 2004/05 policy)**

These amounts represent liabilities for goods and services provided to the Foreshore Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### **(z) Interest bearing liabilities**

All loans are valued at current capital value.

### **(aa) Dividends and tax equivalent**

The total distribution to NSW Treasury comprises two components (a) Income tax equivalent, and (b) dividends.

### **Income tax equivalent**

Under TPP 03-04 *Tax Equivalent Regime for Government Businesses* the Foreshore Authority is subject to paying tax equivalents which are calculated based on the accounting profit model, where the prevailing company income tax rate is applied to the profit from ordinary activities appearing in the income statement. In accordance with this policy, the Foreshore Authority does not practice tax effect accounting.

### **Dividend payment**

Dividend payments to the NSW Treasury are based on land sales. There may be some adjustments after considering available surplus cash after taking into account the working and investment capital requirements, infrastructure and capital commitments of the Foreshore Authority and existing and expected conditions in the property market.

Agreed dividends and tax equivalents are documented in the annual Statement of Business Intent negotiated between the Foreshore Authority and the NSW Treasury.

### **(ab) Financial instruments accounting policy for 2004/05 comparatives**

#### **Investment income**

Interest revenue is recognised as it accrues.

#### **Receivables**

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

### **Payables**

Those amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

### **Interest bearing liabilities**

All loans are valued at current capital value.

### **(ac) New Australian Accounting Standards issues**

The following Accounting Standards are being early adopted from 1 July 2005 as per Treasury mandate (NSW TC06/14):

- AASB 2005-4 regarding fair value option of AASB 139 *Financial Instruments Recognition and Measurement*; and
- AASB 2005-6 regarding businesses or entities under common control being excluded from the scope of AASB 3 *Business Combinations*. Accordingly, equity transfers between NSW public sector agencies continue to be accounted for under NSW TPP06-7 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

There is no impact on first time adoption of these standards.

The following accounting standards have not been applied as NSW Treasury has elected to defer the date of transition until 1 July 2005:

- AASB 132 *Financial Instruments: Disclosure and Presentation*;
- AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 4 *Insurance Contracts*; and
- AASB 1023 *General Insurance Contracts*.

Comparative information for these Standards, if applicable, is presented under previous AGAAP which applied to the year ended 30 June 2005. Please refer to Notes 1(v), 1(y), 1(z) and 1(ab) for more detail.

The possible impact of these Standards in the period of initial application is likely to be immaterial.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 2 Revenue from ordinary activities</b>				
<b>a) Operating revenue</b>				
Convention and exhibition revenue	70,895	78,244	70,895	70,195
Operating lease rental revenue	51,986	56,216	51,986	56,216
Long term lease income	4,969	4,569	4,969	4,569
Fair value increment on investment properties	6,311	3,427	6,311	3,427
Commercial sales proceeds - gross	3,530	5,233	3,530	5,233
Development contributions - Section 94	5,569	3,950	5,569	3,950
Development contributions	302	912	302	659
Visitor centre sales	3,952	4,360	3,952	4,360
Interest revenue	5,031	2,555	5,031	3,843
Net gain on sale of assets	990	23,411	990	23,411
Other	4,173	17,424	6,825	17,093
	<b>157,708</b>	<b>200,301</b>	<b>160,360</b>	<b>192,956</b>
<b>b) Expenses from ordinary activities</b>				
<b>Other expenses include:</b>				
Administration	8,595	7,652	8,595	6,835
Commercial sales - cost of goods sold	1,801	18,802	1,801	18,802
Insurance	1,095	1,271	1,095	1,271
Consultants	217	558	217	558
Auditor's remuneration	175	213	175	157
Impairment expense	151	131	151	131
Land transfer	-	12,005	-	12,005
Marketing and advertising	8,336	8,222	8,336	8,222
Affordable housing levy	1,176	892	1,176	892
Repairs and maintenance	12,321	16,194	12,321	16,194
Written down value of assets sold	-	20,835	-	20,835
<b>Cash grants:</b>				
City of Sydney	100	100	100	100
Sydney Community Foundation	10	10	10	10
The Rocks Chamber of Commerce	40	-	40	-
Japan Expo sponsorship	-	20	-	20
National Trust	250	250	250	250
	<b>34,267</b>	<b>87,155</b>	<b>34,267</b>	<b>86,282</b>

Included in consultancy is an amount of \$23,788 that was paid to Mike Collins and Associates (current director of the Foreshore Authority's Board). The amount was paid for providing advice on preliminary financial feasibility analysis for design schemes for East Darling Harbour.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Depreciation and amortisation expense:</b>				
Depreciation of property, plant and equipment	12,895	12,934	12,895	11,495
Amortisation of leased assets	617	433	617	433
Amortisation of intangible assets	92	76	92	76
<b>Total depreciation and amortisation expense</b>	<b>13,604</b>	<b>13,443</b>	<b>13,604</b>	<b>12,004</b>
<b>Finance costs:</b>				
Interest on borrowing	659	659	659	659
Government guarantee levy	116	122	116	122
Interest expense on leased assets	108	52	108	52
<b>Total finance costs</b>	<b>883</b>	<b>833</b>	<b>883</b>	<b>833</b>
<b>Employee expenses include:</b>				
Directors fees	197	171	197	171
Employee related expenses	23,920	24,417	-	-
Personnel services expense (Note 1(a))	-	-	23,920	23,267
	<b>24,117</b>	<b>24,588</b>	<b>24,117</b>	<b>23,438</b>
<b>Property related expenses include:</b>				
Direct operating expenses	18,328	16,409	18,328	16,409
Others	49,693	53,461	49,693	48,809
	<b>68,021</b>	<b>69,870</b>	<b>68,021</b>	<b>65,218</b>
<b>Reconciliation of total maintenance expense</b>				
Maintenance expense - contracted labour and other (Note 2 (b))	12,321	16,194	12,321	16,194
Employee related maintenance expense	1,492	1,545	-	-
Personnel services relating to maintenance	-	-	1,492	1,545
<b>Total maintenance expense</b>	<b>13,813</b>	<b>17,739</b>	<b>13,813</b>	<b>17,739</b>
<b>Note 3 Income tax</b>				
The Foreshore Authority is liable to pay 30% tax on its accounting profit (2004/05-30%) after adjusting for the following items:				
<b>Accounting profit/(loss)</b>	<b>16,816</b>	<b>918</b>	<b>19,468</b>	<b>5,181</b>
Prepaid income	(4,990)	(21)	(4,990)	(21)
Profit on sale of land	(1,729)	(2,684)	(1,729)	(2,684)
Fair value increment on investment property	(6,311)	(3,427)	(6,311)	(3,427)
Superannuation revenue	(2,456)	-	(2,456)	-
Adjustment relating to Cooks Cove project	-	-	(2,652)	-
Notional taxable profit/(loss)	1,330	(5,214)	1,330	(951)
<b>Income tax expense calculated at 30% of adjusted operating profit</b>	<b>399</b>	<b>-</b>	<b>399</b>	<b>-</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 4 Current assets - cash and cash equivalents</b>				
Cash at bank and on hand	5,230	3,288	5,230	3,288
Bank overdraft	-	(3,880)	-	(3,880)
NSW Treasury Corporation	72,422	67,739	72,422	67,739
	<b>77,652</b>	<b>67,147</b>	<b>77,652</b>	<b>67,147</b>

The Foreshore Authority has investments with the NSW Treasury Corporation's Hour-Glass Cash Management facilities. The Foreshore Authority's investment is represented by a number of units of a management investment pool with each particular pool having different horizons and being comprised of a mix of asset classes appropriate to that investment horizon. NSW Treasury Corporation appoints and monitors the application of appropriate investment guidelines.

This investment is generally able to be redeemed daily by 11am. The value of the investment held can decrease as well as increase depending on market conditions. The value of the above investment represents the Foreshore Authority's share of the value of the underlying assets of the facility, and those assets as stated at net value. The weighted average rate of return on these investments during the year was 5.56% (2005: 5.39%).

### Note 5 Receivables

#### Current

Rental debtors	494	1,036	494	1,036
Sundry debtors	3,435	17,537	6,374	17,537
Goods and services tax recoverable	1,637	605	1,637	605
Deferred property settlement proceeds	5,800	32,917	5,800	32,917
Other prepayments and accrued income	1,953	1,963	1,953	1,963
	<b>13,319</b>	<b>54,058</b>	<b>16,258</b>	<b>54,058</b>
Less: Impairment allowance	(153)	(155)	(153)	(155)
	<b>13,166</b>	<b>53,903</b>	<b>16,105</b>	<b>53,903</b>

#### Non-current

Deferred property settlement proceeds-Global Switch	13,297	18,108	13,297	18,108
	<b>13,297</b>	<b>18,108</b>	<b>13,297</b>	<b>18,108</b>

#### Impairment allowance

Opening balance	155	2,174	155	2,174
Increase/(decrease) in allowance	(2)	(2,019)	(2)	(2,019)
	<b>153</b>	<b>155</b>	<b>153</b>	<b>155</b>

#### Deferred property settlement - Global Switch

On 6 June 2005, the Foreshore Authority completed a contract for the sale of half of the former Government Printing Office site, known as Global Switch building. Under the terms of the contract, the Foreshore Authority would receive \$22.2m in four instalments, plus interest payment (\$4.265m) on the deferred amount. In accordance with AASB 118 *Revenue*, the Foreshore Authority recognised the instalment receivable (principle and interest) within 12 months as current, and the net present value of the balance outstanding as non-current.



## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 6 Inventories</b>				
<b>Current</b>				
Trading stock (at cost)	859	674	859	674
Properties developed for eventual sale (at net realisable value)	-	4,186	-	4,186
	<b>859</b>	<b>4,860</b>	<b>859</b>	<b>4,860</b>
<b>Non-current</b>				
Properties developed for eventual sale (at net realisable value)	4,090	9,710	4,090	9,710
	<b>4,090</b>	<b>9,710</b>	<b>4,090</b>	<b>9,710</b>

### Note 7 Investment property

Balance at the beginning of financial year (at fair value)	448,133	407,017	448,133	407,017
Additions from subsequent expenditure	6,305	129	6,305	129
Transfer from property, plant and equipment	-	56,270	-	56,270
Net fair value decrement on properties held under long-term leases with no ongoing rental	-	(18,710)	-	(18,710)
Net gain/(loss) from fair value adjustments	6,311	3,427	6,311	3,427
<b>Balance at the end of financial year (at fair value)</b>	<b>460,749</b>	<b>448,133</b>	<b>460,749</b>	<b>448,133</b>

Property interests held under operating leases, including 99 year leases, are classified and accounted for as investment property. The fair value of land under a prepaid long-term lease is negligible and as such it is recorded at \$1 in the asset register. However, land under a prepaid long term lease, irrespective of whether an upfront lease income was received, that continues to receive a rental stream will be measured at fair value per AASB 140 *Investment Property*.

The fair value of the Foreshore Authority's investment property at the end of financial year has been arrived at on the basis of a valuation carried out at that date by Urbis JHD, independent valuers not related to the consolidated entity. The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

### Net Income derived from investment properties

Rental income	40,915	43,770	40,915	43,770
Direct operating expenses arising from investment properties that generate rental income	(7,167)	(5,524)	(7,167)	(5,524)
Direct operating expenses arising from investment properties that did not generate rental income	(725)	(606)	(725)	(606)
	<b>33,023</b>	<b>37,640</b>	<b>33,023</b>	<b>37,640</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 8 Property, plant and equipment</b>				
<i>(a) Amounts shown in the balance sheet are derived as follows:</i>				
<b>Land and buildings (including open spaces and roads)</b>				
At fair value	527,836	501,078	527,836	501,078
Accumulated depreciation	(17,036)	(8,454)	(17,036)	(8,454)
	510,800	492,624	510,800	492,624
<b>Leasehold improvements</b>				
At fair value	-	292	-	292
Accumulated amortisation	-	(292)	-	(292)
	-	-	-	-
<b>Plant and equipment</b>				
At fair value	40,196	23,881	40,196	23,881
Accumulated depreciation	(18,773)	(14,544)	(18,773)	(14,544)
	21,423	9,337	21,423	9,337
<b>Leased assets</b>				
At fair value	3,291	2,398	3,291	2,398
Accumulated amortisation	(1,526)	(909)	(1,526)	(909)
	1,765	1,489	1,765	1,489
<b>Art and artefacts</b>				
At fair value	4,298	4,298	4,298	4,298
Accumulated depreciation	-	(151)	-	(151)
	4,298	4,147	4,298	4,147
<b>Work in progress - at fair value</b>				
	23,772	21,044	20,833	18,392
<b>Total property, plant and equipment</b>				
At fair value	562,058	528,641	559,119	525,989
Accumulated depreciation and amortisation	(37,335)	(24,350)	(37,335)	(24,350)
<b>Total property, plant and equipment</b>	<b>562,058</b>	<b>528,641</b>	<b>559,119</b>	<b>525,989</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated	Authority
	2006	2006
	\$'000	\$'000
<b>(b) Reconciliations</b>		
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below.		
<b>Land and buildings (includes open spaces and roads)</b>		
Carrying amount at beginning	492,624	492,624
Disposals	(243)	(243)
Additions - Capitalised from WIP	15,270	15,270
Transfer from Maritime Foreshore Authority of NSW	2,861	2,861
Transfer from property inventory	8,870	8,870
Depreciation expense	(8,582)	(8,582)
	<b>510,800</b>	<b>510,800</b>
<b>Plant and equipment</b>		
Carrying amount at beginning	9,337	9,337
Additions	13	13
Additions - capitalised from WIP	16,434	16,434
Adjustment - credit note	(47)	(47)
Depreciation expense	(4,314)	(4,314)
	<b>21,423</b>	<b>21,423</b>
<b>Leased assets</b>		
Carrying amount at beginning	1,489	1,489
Additions	893	893
Amortisation expense	(617)	(617)
	<b>1,765</b>	<b>1,765</b>
<b>Art and artefacts</b>		
Carrying amount at beginning	4,298	4,298
	<b>4,298</b>	<b>4,298</b>
<b>Work in progress</b>		
Opening balance	21,044	18,393
Additions	44,247	44,004
Capitalised and transferred to fixed assets	(38,509)	(38,509)
Expensed/transferred out	(3,010)	(3,010)
	<b>23,772</b>	<b>20,833</b>
<b>Property, plant and equipment</b>	<b>562,058</b>	<b>559,119</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 9 Intangible assets</b>				
Gross carrying amount	850	350	850	350
Less accumulated amortisation	(251)	(159)	(251)	(159)
	<b>599</b>	<b>191</b>	<b>599</b>	<b>191</b>
Net carrying amount at start of year	191	190	191	190
Additions	500	77	500	77
Amortisation expense	(92)	(76)	(92)	(76)
<b>Net carrying amount at end of year</b>	<b>599</b>	<b>191</b>	<b>599</b>	<b>191</b>

### Note 10 Payables

#### Current

Trade creditors	11,297	13,274	11,297	13,274
Sundry creditors and accruals	9,887	14,324	9,887	14,324
Retention on contracts	206	107	206	107
Security deposits and bonds	713	1,144	713	1,144
Income tax payable	399	-	399	-
Forward Deposits	9,206	8,487	9,206	8,487
Accrued interest	105	104	105	104
Payable to subsidiary - accrued salaries, wages and on-costs	141	128	141	128
Payable to subsidiary - personnel services	-	-	149	93
Payable to subsidiary - personnel services	-	-	2,370	2,038
	<b>31,954</b>	<b>37,568</b>	<b>34,473</b>	<b>39,699</b>

#### Non-current

Payable to subsidiary - personnel services	-	-	1,007	3,463
Payable to subsidiary - personnel services	-	-	1,951	1,709
	<b>-</b>	<b>-</b>	<b>2,958</b>	<b>5,172</b>

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in the Treasurer's Direction 219.01.

Trade Creditors are classified as 'non-trading financial liabilities' in accordance with AASB 139.47 *Financial Instruments* and NSW Treasury Policy TPP06-4 *Accounting for Financial Instruments*.

Short term payables with stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. No interest was paid on short term payables (last year no interest was paid).

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 11 Other liabilities</b>				
<b>Current</b>				
Lease liability	783	608	783	608
Revenue in advance (refer Note 1(f))	839	3,467	839	3,467
Unearned income - 99 year upfront lease payment	4,969	4,970	4,969	4,970
	<b>6,591</b>	<b>9,045</b>	<b>6,591</b>	<b>9,045</b>
<b>Non-current</b>				
Lease liability	877	919	877	919
Revenue in advance	1,706	1,724	1,706	1,724
Unearned income - 99 year upfront lease payment	434,773	439,743	434,773	439,743
	<b>437,356</b>	<b>442,386</b>	<b>437,356</b>	<b>442,386</b>

Included in revenue in advance are upfront lease payments in relation to 99 year leases. From time to time, the Foreshore Authority enters into long-term leases for properties. Typically these lease are for periods of 99 years, and because titles do not pass at the end of the lease terms, the risks and rewards are not transferred. In accordance with AASB 117 *Leases* para 3 and NSW Treasury Policy TPP06-3 *Lessor Accounting for Prepaid Long Term Leases of Land*, they are classified as operating leases. Upfront lease payments are recognised as income on a straight-line basis over the term of the leases.

### Note 12 Interest bearing liabilities

#### Non-current

Loans with NSW Treasury Corporation	10,000	10,000	10,000	10,000
	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

As at 30 June 2006 the maturity profile of borrowings was:

Not later than one year (Current liabilities)	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	10,000	10,000	10,000	10,000

The Foreshore Authority as at 30 June 2006 has a total \$104m debt facility. The net fair value of these loans at balance date was \$10m (2005: \$10m). The weighted average effective interest rate for the year was 7.76% (2005: 6.58%) for loans.

# Sydney Harbour Foreshore Authority

## Notes to the financial statements for the year ended 30 June 2006

### Note 13 Superannuation

The superannuations schemes for the Foreshore Authority's employees are:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members. The assessed liability for the Foreshore Authority at 30 June 2006 and the funds held at the reserve account at Pillar Administration are:

#### (a) Defined Benefit Scheme as at 30 June 2006 (AASB 119 Employee Benefits)

	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	7	11	4	
Deferred benefits	0	0	6	
Pensioners	0	0	13	
Pensions fully commuted	0	0	1	
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Accrued liability	(1,869)	(453)	(10,921)	(13,243)
Estimated reserve account balance	1,727	351	10,158	12,236
	(142)	(102)	(763)	(1,007)
Future Service Liability (Note 1)	(647)	(234)	(298)	(1,179)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net asset/(liability)</b>	<b>(142)</b>	<b>(102)</b>	<b>(763)</b>	<b>(1,007)</b>

#### Defined Benefit Scheme as at 30 June 2005 (AASB 119 Employee Benefits)

	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	8	12	4	
Deferred benefits	0	0	7	
Pensioners	0	0	12	
Pensions fully commuted	0	0	1	
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Accrued liability	(1,842)	(493)	(11,586)	(13,921)
Estimated reserve account balance	1,582	282	8,594	10,458
	(260)	(211)	(2,992)	(3,463)
Future Service Liability (Note 1)	(913)	(307)	(383)	(1,603)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net asset/(liability)</b>	<b>(260)</b>	<b>(211)</b>	<b>(2,992)</b>	<b>(3,463)</b>

The Future Service Liability (FSL) does not have to be recognised by the Foreshore Authority. It is only used to determine if an asset ceiling limit should be imposed. No asset ceiling is imposed because there is no surplus in excess of recovery.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

### (b) Defined Benefit Scheme (AAS25 Financial Reporting by Superannuation Plans)

#### Reconciliation of the assets and liabilities recognised in the balance sheet

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Present value of defined benefit obligations	(1,869)	(453)	(10,921)
Fair value of plan assets	1,727	351	10,158
	(142)	(102)	(763)
Surplus in excess of recovery available from schemes	–	–	–
Unrecognised past service cost	–	–	–
Net asset/(liability) disclosed in balance sheet as at 30 June 2006	(142)	(102)	(763)
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Present value of defined benefit obligations	(1,842)	(493)	(11,586)
Fair value of plan assets	1,582	282	8,594
	(260)	(211)	(2,992)
Surplus in excess of recovery available from schemes	–	–	–
Unrecognised past service cost	–	–	–
Net asset/(liability) disclosed in balance sheet as at 30 June 2005	(260)	(211)	(2,992)

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

#### Movement in net liability/asset recognised in balance sheet

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Net asset/(liability) at start of year	(260)	(210)	(2,992)
Net revenue recognised in the income statement	367	72	1,827
Contributions	(248)	36	402
Net asset/(liability) disclosed in balance sheet as at 30 June 2006	(141)	(102)	(763)
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Net asset/(liability) at start of year	(186)	(160)	(2,163)
Net expense recognised in the income statement	(161)	(86)	(880)
Contributions	87	35	51
Net asset/(liability) disclosed in balance sheet as at 30 June 2005	(260)	(211)	(2,992)

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

### Total revenue recognised in income statement

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Current service cost	(104)	(30)	(64)
Interest on obligation	(109)	(25)	(609)
Expected return on plan assets	124	21	640
Net actuarial (losses)/gains recognised in year	456	106	1,860
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
(Losses)/gains on curtailment and settlements	-	-	-
Total included in income statement	367	72	1,827
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Current service cost	(101)	(29)	(67)
Interest on obligation	(108)	(26)	(586)
Expected return on plan assets	114	21	545
Net actuarial (losses)/gains recognised in year	(66)	(52)	(772)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
(Losses)/gains on curtailment and settlements	-	-	-
Total included in 'employee benefits expense'	(161)	(86)	(880)

### Actual return on plan assets

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Actual return on plan assets	251	45	1,352
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Actual return on plan assets	198	33	1,014



## Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

#### **Valuation method and principal actuarial assumptions at the reporting date**

##### (i) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to ten additional units of benefit entitlement and measures each unit separately to build up the final obligations.

##### (ii) Economic assumptions

	2006	2005
Discount rate at 30 June	5.9% p.a.	5.2% p.a.
Expected return on plan assets at 30 June	7.6%	7.3%
Expected salary increases	4.0% p.a. to 2008; 3.5% p.a. thereafter	4.0% p.a.
Expected rate of CPI increase	2.5% p.a.	2.5% p.a.

Recommended contribution rates for the entity are:

	SANCS Multiple of member contributions	SSS % member salary	SSS Multiple of member contributions
2006	2.30	2.50	0.93
2005	2.30	2.50	0.93

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under this method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted average assumptions	2006	2005
Expected rate of return on fund assets	7.3% p.a.	7.0% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.
Expected rate of CPI increase	2.5% p.a.	2.5% p.a.

#### **Nature of asset/liability**

If a surplus exists in the Foreshore Authority's interest in the Fund, the Foreshore Authority may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 14 Provisions</b>				
<b>Current</b>				
Long service leave	149	93	-	-
Annual leave	2,370	2,038	-	-
Dividend	11,000	10,000	11,000	10,000
Provision for Ballast Point - compensation claim	1,268	1,268	1,268	1,268
Provision for SSHAP	1,467	-	1,467	-
Provision for car park levy	5,956	-	5,956	-
	<b>22,210</b>	<b>13,399</b>	<b>19,691</b>	<b>11,268</b>
<b>Non-current</b>				
Superannuation (Note 13)	1,007	3,463	-	-
Long service leave	1,951	1,709	-	-
	<b>2,958</b>	<b>5,172</b>	<b>-</b>	<b>-</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions – current	2,519	1,965	-	-
Provisions – non-current	2,958	2,696	-	-
Accrued salaries, wages and on costs (Note 10)	141	128	-	-
<b>Total</b>	<b>5,618</b>	<b>4,789</b>	<b>-</b>	<b>-</b>

### Note 15 Equity reconciliation

The Foreshore Authority has applied the A-IFRS for the first time in the 2005/06 financial report. The impacts of adopting A-IFRS on total equity and net profit/(loss) as reported under previous AGAAP are shown below. There are no material impacts on the Foreshore Authority's cash flows. Note 19 explains the key areas where changes in accounting policies, as a result of A-IFRS, have impacted the financial statements.

<b>(a) Retained profits</b>				
Balance at beginning of financial year	613,123	1,138,256	610,471	1,132,054
A-IFRS adjustment-note 19		(450,578)		(450,578)
Adjusted opening balance	613,123	687,678	610,471	681,476
Net A-IFRS profit	16,417	918	19,069	5,181
Transfer from Maritime Authority of NSW	2,861	-	2,861	-
Distribution by owner to ATP	-	(46,763)	-	(47,476)
Derecognise land under long term lease to nominal value under AASB 117	-	(18,710)	-	(18,710)
Dividend to State Government	(11,000)	(10,000)	(11,000)	(10,000)
	<b>621,401</b>	<b>613,123</b>	<b>621,401</b>	<b>610,471</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>b) Asset revaluation reserve</b>				
Balance at beginning of financial year	-	34,343	-	-
Distribution to owner	-	(36,229)	-	-
Increment/(decrement) on revaluation of property, plant and equipment	-	1,886	-	-
Balance at end of financial year	-	-	-	-

### Note 16 Capital and lease commitments

#### Capital commitments

Contracted as at balance date	8,434	6,532	8,434	6,532
	<b>8,434</b>	<b>6,532</b>	<b>8,434</b>	<b>6,532</b>

The capital commitments above include GST \$766k (contingent asset), expected to be recoverable from the Australian Tax Office.

#### Operating lease payable commitments

##### Leasing arrangements

Operating leases relate to information technology, office equipment and motor vehicles. Most leases are for lease terms between 2 to 3 years. Future monthly payments are contracted for and are not included in these financial statements. Amounts stated are GST inclusive.

Payable within one year	1,328	1,076	1,328	1,076
Payable one year or later and no later than three years	1,303	1,165	1,303	1,165
	<b>2,631</b>	<b>2,241</b>	<b>2,631</b>	<b>2,241</b>

The operating lease commitments above include input tax credits of \$239k (contingent asset) that are expected to be recoverable from the Australian Tax Office.

#### Operating lease receivable commitments

Operating lease minimum income commitments in relation to non-cancellable leases, not recognised in the financial statements are receivable as follows:

Not later than one year	32,116	33,400	32,116	33,400
Later than one and not later than five years	93,788	99,247	93,788	99,247
Later than five years	958,374	831,476	958,374	831,476
<b>Total including GST</b>	<b>1,084,278</b>	<b>964,123</b>	<b>1,084,278</b>	<b>964,123</b>

The income commitments relate to leases in rental properties. These are entered into at market rates and on commercial terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained. The lease commitments on rental properties include GST of \$98.57m (contingent liability) that is expected to be payable to the Australian Taxation Office.

#### Finance leases

Finance leases relate to IT and audio equipment with lease terms between 3 to 5 years.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	Minimum future lease payments		Present value of minimum future lease payments	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Not later than one year	866	690	783	608
Later than one and not later than five years	937	1,000	877	919
Later than five years	-	-	-	-
Minimum lease payments	1,803	1,690	1,660	1,527
Less future interest payments	(143)	(163)	-	-
<b>Present value of minimum lease payments</b>	<b>1,660</b>	<b>1,527</b>	<b>1,660</b>	<b>1,527</b>
Included in financial statements (Note 11)				
Current lease liability	783	608	783	608
Non-current lease liability	877	919	877	919
	<b>1,660</b>	<b>1,527</b>	<b>1,660</b>	<b>1,527</b>

### Note 17 Contingent assets/liabilities

(a) Apart from the amounts disclosed in Note 16, there are no known contingent liabilities at balance date.

(b) In July 2004, the Land and Environmental Court handed down a preliminary judgment awarding Walker Corporation Pty Ltd \$60m for its compensation claim in relation to Ballast Point. Since December 2004, the Foreshore Authority and Walker Corporation jointly hold a security investment with Commonwealth Bank of \$41m. In May 2005, the Foreshore Authority appealed, on grounds of errors in law, the Court's decision. Judgment for the appeal was handed down on 27 July 2005 and set aside orders for the compensation claim in 2004. The Court of Appeal has remitted outstanding matters of the appeal to the Land and Environmental Court which heard the compensation matter in February 2006.

On 4 April 2006, the Land and Environmental Court ruled that the original valuation of \$60m should stand. The Foreshore Authority filed and served a notice of appeal on 26 April 2006 and the hearing is scheduled for 27 and 28 November 2006. In the event the Foreshore Authority wins the Appeal, the deposit will be claimed by the Foreshore Authority.

In addition to the above, contingent assets are disclosed in Note 16.

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 18 Notes to the statement of cash flows</b>				
<b>(a) Reconciliation of cash</b>				
For the purposes of the statement of cashflows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:				
Bank overdraft	-	(3,880)	-	(3,880)
Cash at bank and on hand	5,230	3,288	5,230	3,288
Investments (NSW Treasury Corporation)	72,422	67,739	72,422	67,739
	<b>77,652</b>	<b>67,147</b>	<b>77,652</b>	<b>67,147</b>

The Foreshore Authority manages bank accounts on behalf of the Luna Park Trust Reserve and the Maritime Authority of NSW. This money does not belong to the Foreshore Authority and is not included as a cash asset.

### (b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities

Operating profit/(loss) after income tax	16,417	918	19,069	5,181
Less: Adjustment for interest received	(5,031)	(2,555)	(5,031)	(3,843)
Non-cash flows in operating profits:				
Depreciation and amortisation	13,604	13,443	13,604	12,004
Long term lease amortised income		(4,569)		(4,569)
Asset revaluation and transfer expense		36,652		36,553
A-IFRS adjustment		(2,328)	-	(2,328)
Miscellaneous non cash income	(472)	(12,345)	(186)	(11,992)
Change in operating assets and liabilities				
Decrease/(increase) in inventories	(275)	18,137	(275)	18,137
Decrease/(increase) in GST input tax credits	(1,032)	(3,094)	(1,032)	(3,094)
Decrease/(increase) in receivables	42,352	(10,914)	42,352	(11,512)
Decrease/(increase) in intercompany	2,938	4,591	-	4,591
(Decrease)/increase in creditors	(13,617)	11,897	(13,617)	5,070
(Decrease)/increase in provisions	(1,826)	(41,459)	(1,826)	(38,730)
<b>Net cash flows from operating activities</b>	<b>53,058</b>	<b>8,374</b>	<b>53,058</b>	<b>5,468</b>

## Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

### Note 19

The financial impact of the adoption of Australian equivalents to International Financial Reporting Standards

#### (a) Effect of A-IFRS on income statement for the financial year ended 30 June 2005

	AGAAP		Consolidated A-IFRS Impact		A-IFRS
	2005 \$'000		Dr \$'000	Cr \$'000	2005 \$'000
Revenue from ordinary activities	92,305	1		7,996	200,301
Property related expenses	(70,348)	2		478	(69,870)
Ballast Point compensation claim expense	-				-
Employee related expenses	(23,063)	3	1,525		(24,588)
Asset revaluation decrement expense	-				-
Depreciation and amortisation	(18,990)	4	433	5,980	(13,443)
Remediation costs	(3,494)				(3,494)
Borrowing costs	(781)	5	52		(833)
Other expenses	(87,155)				(87,155)
<b>Net profit/(loss) from ordinary activities</b>	<b>(11,526)</b>				<b>918</b>
<b>NON-OWNER TRANSACTION CHANGES IN EQUITY</b>					
Net increase/(decrease) in asset revaluation reserve	1,886				1,886
Total revenues, expenses and valuation adjustments recognised directly in equity	1,886				1,886
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>(9,640)</b>				<b>2,804</b>

## Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

	<b>\$'000</b>
1. AASB 117 <i>Leases</i> Amortised income for 2004/05	4,569
Investment Properties-Net fair value increment to 30/6/05	3,427
	<u>7,996</u>

#### **AASB 117 Leases and Treasury Policy and Guidelines 06-03**

The Foreshore Authority had previously treated 99 year leases as sales/finance leases where all the risks and benefits were transferred to the lessees. AASB 117 takes the view that a characteristic of land is that it normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, which is the case for the Foreshore Authority, then they are classified as operating leases. In accordance with AASB 117 and TPP06-03, the Foreshore Authority derecognise all upfront prepaid rentals and allocated them on a straight line basis over the entire lease term.

	<b>\$'000</b>
2 Write back operating lease expense - reclassify as finance lease AASB 117 <i>Leases</i> .	<u>478</u>
3. Change in discount rate under AASB 119 <i>Employee Benefits</i> increase expense.	
	<b>\$'000</b>
30 June 2005 Pillar adjustment	(2,790)
1 July 2004 Pillar adjustment	1,265
2004/05 adjustment	<u>(1,525)</u>

4. Under AASB 140 *Investment Properties* held at fair value will no longer be depreciated. AASB 138 *Intangible Assets* requires computer software that are not intergral to the hardware reclassified from property, plant and equipment as intangible asset.

	<b>\$'000</b>
Net of depreciation expense and accumulated depreciation written back	5,980
Operating lease reclassified to finance lease - amortisation expense	(433)
	<u>5,547</u>
	<b>\$'000</b>
5. Reclassify operating leases as finance leases - interest expense	<u>52</u>

## Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

The financial impact of the adoption of Australian equivalents to International Financial Reporting Standards

#### (b) Effect of A-IFRS on balance sheet for the financial year ended 30 June 2005

	AGAAP		Consolidated A-IFRS Impact		A-IFRS 2005 \$'000
			Dr	Cr	
			\$'000	\$'000	
<b>CURRENT ASSETS</b>					
Cash and cash equivalent	3,288	1	67,739	3,880	67,147
Receivables	53,903				53,903
Other financial assets	67,739	1		67,739	-
Inventories	4,405	2	455		4,860
<b>TOTAL CURRENT ASSETS</b>	<b>129,335</b>				<b>125,910</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	18,108				18,108
Investment properties		3	448,133		448,133
Property, plant and equipment	985,245	4	7,628	464,232	528,641
Intangibles		5	350	159	191
Inventories	9,699	2	11		9,710
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,013,052</b>				<b>1,004,783</b>
<b>TOTAL ASSETS</b>	<b>1,142,387</b>				<b>1,130,693</b>
<b>CURRENT LIABILITIES</b>					
Payables	41,035	6	3,467		37,568
Interest bearing liabilities	3,880	1	3,880		-
Provisions	13,399				13,399
Other liabilities	-	6		9,045	9,045
<b>TOTAL CURRENT LIABILITIES</b>	<b>58,314</b>				<b>60,012</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	1,724	6	1,724		-
Interest bearing liabilities	10,000				10,000
Provisions	2,382	7		2,790	5,172
Other liabilities		6		442,386	442,386
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>14,106</b>				<b>457,558</b>
<b>TOTAL LIABILITIES</b>	<b>72,420</b>				<b>517,570</b>
<b>NET ASSETS</b>	<b>1,069,967</b>				<b>613,123</b>
<b>EQUITY</b>					
Retained profits	1,069,967	8	466,251	9,407	613,123
Asset revaluation reserve	-				-
<b>TOTAL EQUITY</b>	<b>1,069,967</b>		<b>1,002,209</b>	<b>1,012,105</b>	<b>613,123</b>



## Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

1. AASB 139 *Financial Instruments: Recognition and Measurement*

Reclassify "Other financial assets" and "Interest bearing liabilities" to "Cash and cash equivalents"

2. In accordance with AASB 117 *Leases* and TPP06-3 *Lessor Accounting for Prepaid Long term Leases*, long term leases are no longer considered in substance as sales, and therefore re-classified from property inventory to property, plant and equipment.

3. New category of assets "Investment property" reclassified from property, plant and equipment under AASB 140 *Investment Property*.

	<b>\$'000</b>
Reclassify from property, plant and equipment at 01/07/04	407,017
Reclassify land and buildings under long term lease per AASB 117 <i>Leases</i>	42,340
Reclassify property from category 'property, plant and equipment'	13,930
Net fair value decrement on properties held under long-term leases with no ongoing rental	(18,710)
Fair value investment properties 01/07/04	444,577
Net fair value increment to 30/6/05	3,427
Additions from subsequent expenditure	129
	<b>448,133</b>

4. Under AASB 140 *Investment Property*, non-current assets held for rental income or capital appreciation were reclassified out of property, plant and equipment and accumulated depreciation written back.

	<b>\$'000</b>
Reclassification of leased assets - operating leases reclassified to finance leases	1,489
2004-05 Depreciation expense for investment properties written back	5,980
2004-05 Accumulated depreciation for software written back	159
	<b>7,628</b>
Reclassified from property, plant and equipment to investment property	407,017
Reclassify land and buildings under long term lease per AASB 117 <i>Leases</i>	42,340
Reclassify property from category 'property, plant and equipment'	13,930
Transfer from work in progress to non-current property inventory	11
Transfer from work in progress to current property inventory	455
Reclassified software from property, plant and equipment to intangible asset	350
Transfer subsequent expenditure to investment property	129
	<b>464,232</b>

5. AASB 138 *Intangible Assets* requires computer software that are not integral to the hardware reclassified from property, plant and equipment as intangible asset.

	<b>\$'000</b>
	350
	(159)
	<b>191</b>

## Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

#### 6. AASB 117 Leases and Treasury Policy and Guidelines 06-03

The Foreshore Authority had previously treated 99 year leases as sales/finance leases where all the risks and benefits were transferred to the lessees.

AASB 117 takes the view that a characteristic of land is that it normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, which is the case for the Foreshore Authority, then they are classified as operating leases.

In accordance with AASB 117 and TPP06-03 *Lessor Accounting for Prepaid Long Term Leases of Land*, the Foreshore Authority derecognise all upfront prepaid rentals and allocated them on a straight line basis over the entire lease term.

Other liabilities - current	<b>\$'000</b>
Finance lease liability	608
Revenue in advance	3,467
Unearned income	4,970
	<hr/> <b>9,045</b> <hr/>
Other liabilities - non-current	
Finance lease liability	919
Revenue in advance	1,724
Unearned income	439,743
	<hr/> <b>442,386</b> <hr/>
7. The deficiency (expense) reflects adjustments due to change in discount rate used under AASB 119 <i>Employee Benefits</i> . (Information as per Pillar advise)	<b>\$'000</b> 2,790
8.	<b>\$ '000</b>
AASB 117 Leases derecognise upfront income	(444,713)
Net loss on writing back of operating lease expenses and interest and re-state 1 July 04 Pillar adjustment	(2,790)
Amortisation expense	(38)
Net fair value decrement on properties held under long term leases with no ongoing rental	(18,710)
	<hr/> <b>(466,251)</b> <hr/>
A-IFRS impact on income statement for the year ended 30 June 2005	9,407
	-
	<hr/> <b>9,407</b> <hr/>

END OF AUDITED FINANCIAL STATEMENTS

# Office of the Sydney Harbour Foreshore Authority

Financial report for the year ended 30 June 2006

## Directors' statement

### Statement by the Chairman and the Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2006.

Certificate Under Section 41C of the *Public Finance and Audit Act 1983*.

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Chief Executive Officer of Sydney Harbour Foreshore Authority, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Office of the Sydney Harbour Foreshore Authority as at 30 June 2006 and transactions for the year ended on that date.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Amendment (Financial Statements) Regulation 2005* and the Treasurer's Directions.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**Jon Isaacs**

Chairman

Sydney Harbour Foreshore Authority



**Rob Lang**

Chief Executive Officer

Sydney Harbour Foreshore Authority

Sydney, dated this 20th day of October 2006

# Office of the Sydney Harbour Foreshore Authority

## Independent audit report for the year ended 30 June 2006



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDIT REPORT

#### OFFICE OF THE SYDNEY HARBOUR FORESHORE AUTHORITY

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the Office of the Sydney Harbour Foreshore Authority (the Office):

- presents fairly the Office's financial position as at 30 June 2006 and its performance for the year ended 30 June 2006, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

#### Scope

#### *The Financial Report and Board of the Office of the Sydney Harbour Foreshore Authority's Responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Office, for the year ended 30 June 2006.

The Board of the Office of the Sydney Harbour Foreshore Authority is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board of the Office of the Sydney Harbour Foreshore Authority in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Board of the Office of the Sydney Harbour Foreshore Authority had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A handwritten signature in black ink, appearing to read 'David Jones'.

David Jones, FCA  
Director, Financial Audit Services

SYDNEY  
20 October 2006

## Office of the Sydney Harbour Foreshore Authority

START OF AUDITED FINANCIAL STATEMENTS

Income statement for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
Personnel services income	2	23,694	23,438
Employee related expenses	3	(23,694)	(23,438)
<b>Net profit/(loss) from ordinary activities</b>		-	-

*The above income statement is to be read in conjunction with the attached notes.*

## Office of the Sydney Harbour Foreshore Authority

Balance sheet as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS</b>			
Receivables	4	2,660	2,259
<b>TOTAL CURRENT ASSETS</b>		<b>2,660</b>	<b>2,259</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	4	2,958	5,172
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,958</b>	<b>5,172</b>
<b>TOTAL ASSETS</b>		<b>5,618</b>	<b>7,431</b>
<b>CURRENT LIABILITIES</b>			
Payables	5	141	128
Provisions	6	2,519	2,131
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,660</b>	<b>2,259</b>
<b>NON-CURRENT LIABILITIES</b>			
PROVISIONS	6	2,958	5,172
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,958</b>	<b>5,172</b>
<b>TOTAL LIABILITIES</b>		<b>5,618</b>	<b>7,431</b>
<b>NET ASSETS</b>		-	-
<b>EQUITY</b>			
Retained profits	8	-	-
<b>TOTAL EQUITY</b>		-	-

*The above balance sheet is to be read in conjunction with the attached notes.*

## Office of the Sydney Harbour Foreshore Authority

### Statement of changes in equity for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Gain/(loss) on property revaluation	-	-
Net increases/(decreases) in equity	-	-
<b>Net income and expense recognised directly in equity</b>	-	-
Surplus/(deficit) for the period	-	-
<b>Total income and expense recognised for the period</b>	-	-

*The above statement of changes in equity is to be read in conjunction with the attached notes.*

## Office of the Sydney Harbour Foreshore Authority

Cash flow statement for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
	Inflow	Inflow
	(Outflow)	(Outflow)
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Payment to suppliers and employees	-	-
<b>Net cash provided by operating activities</b>	-	-
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	-
<b>Net cash (used in) investing activities</b>	-	-
Cash flows from financing activities		
Investment	-	-
Dividend paid/received	-	-
<b>Net cash provided by/(used in) financing activities</b>	-	-
<b>Net increase/(decrease) in cash held</b>	-	-
<b>Cash at the start of the financial year</b>	-	-
<b>Cash at the end of the financial year</b>	-	-

*The above statement of cash flows is to be read in conjunction with the attached notes.*



## Office of the Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

The following are the principal accounting policies and practices adopted in the preparation of these financial statements.

#### Note 1 Summary of significant accounting policies

##### (a) Reporting entity

Office of the Sydney Harbour Foreshore Authority (the Office) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment Legislation Amendment Act 2006*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 66 Harrington Street, The Rocks, New South Wales.

The Office's only function is to provide personnel services to Sydney Harbour Foreshore Authority (the Foreshore Authority).

##### (b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

This is the first financial report prepared on the basis of Australian equivalents to International Financial Reporting Standards and comparatives for the year ended 30 June 2005 have been restated accordingly.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

##### (c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

##### (d) Receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on transaction cost or face value.

Short term receivables with no stated interest rate are measured at the original invoice amount less an allowance for impairment.

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due. The amount of the impairment loss is recognised in the income statement.

##### (e) Payables

These amounts represent liabilities for goods and services provided to the Office and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

##### (f) Employee benefit provisions and expenses

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The government bond rate of 5.75% was applied for discounting.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

##### Defined contribution plans:

Contribution to defined contribution funds, such as Basic Benefit and First State Super, are expensed when incurred. It was calculated as a percentage of the employees' salary. Nine percent was contributed in 2005/06 and 2004/05.

## Office of the Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

#### **Defined benefit superannuation plans:**

For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, in the period in which they occur, and are presented in the income statement.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

#### **(g) New Australian Accounting Standards issues**

The following Accounting Standards are being early adopted from 1 July 2005 as per Treasury mandate (NSW TC06/14):

- AASB 2005-4 regarding fair value option of AASB 139 *Financial Instruments Recognition and Measurement*; and
- AASB 2005-6 regarding businesses or entities under common control being excluded from the scope of AASB 3 *Business Combinations*. Accordingly, equity transfers between NSW public sector agencies continue to be accounted for under NSW TPP06-7 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

There is no impact on first time adoption of these standards.

The following accounting standards have not been applied as NSW Treasury has elected to defer the date of transition until 1 July 2005:

- AASB 132 *Financial Instruments: Disclosure and Presentation*;
- AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 4 *Insurance Contracts*; and
- AASB 1023 *General Insurance Contracts*.

Comparative information for these Standards, if applicable, is presented under previous AGAAP which applied to the year ended 30 June 2005.

There is no possible impact of these Standards as they are not applicable to the Office.

## Office of the Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
<b>Note 2 Revenue</b>		
Personnel services income	23,694	23,438
<b>Note 3 Expenses</b>		
Employee related expenses	23,497	23,267
Directors fees	197	171
Total employee related expenses	23,694	23,438
<b>Note 4 Receivables</b>		
<b>Current</b>		
Receivable from parent entity – long service leave	149	93
Receivable from parent entity – annual leave	2,370	2,038
Receivable from parent entity – accrued salaries, wages and on-costs	141	128
	2,660	2,259
<b>Non-current</b>		
Receivable from parent entity – long service leave	1,951	1,709
Receivable from parent entity – superannuation	1,007	3,463
	2,958	5,172
<b>Note 5 Payable</b>		
Accrued salaries, wages and on-costs	141	128
<b>Note 6 Provisions</b>		
<b>Current</b>		
Long service leave	149	93
Annual leave	2,370	2,038
	2,519	2,131
<b>Non-current</b>		
Long service leave	1,951	1,709
Superannuation (Note 7)	1,007	3,463
	2,958	5,172
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	2,519	2,131
Provision – non-current	2,958	5,172
Accrued salaries, wages and on-costs	141	128
	5,618	7,431

## Office of the Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

#### Note 7 Superannuation

The superannuations schemes for the Foreshore Authority's employees are:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members. The assessed liability for the Foreshore Authority at 30 June 2006 and the funds held at the reserve account at Pillar Administration are:

#### (a) Defined Benefit Scheme as at 30 June 2006 (AASB 119 Employee Benefits)

	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	7	11	4	
Deferred benefits	0	0	6	
Pensioners	0	0	13	
Pensions fully commuted	0	0	1	
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Accrued liability	(1,869)	(453)	(10,921)	(13,243)
<b>Estimated reserve account balance</b>	<b>1,727</b>	<b>351</b>	<b>10,158</b>	<b>12,236</b>
	<b>(142)</b>	<b>(102)</b>	<b>(763)</b>	<b>(1,007)</b>
Future Service Liability (Note 1)	(647)	(234)	(298)	(1,179)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net asset/(liability)</b>	<b>(142)</b>	<b>(102)</b>	<b>(763)</b>	<b>(1,007)</b>

#### Defined Benefit Scheme as at 30 June 2005 (AASB 119 Employee Benefits)

	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	8	12	4	
Deferred benefits	0	0	7	
Pensioners	0	0	12	
Pensions fully commuted	0	0	1	
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Accrued liability	(1,842)	(493)	(11,586)	(13,921)
Estimated reserve account balance	1,582	282	8,594	10,458
	<b>(260)</b>	<b>(211)</b>	<b>(2,992)</b>	<b>(3,463)</b>
Future Service Liability (Note 1)	(913)	(307)	(383)	(1,603)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net asset/(liability)</b>	<b>(260)</b>	<b>(211)</b>	<b>(2,992)</b>	<b>(3,463)</b>

The Future Service Liability (FSL) does not have to be recognised by the Office. It is only used to determine if an asset ceiling limit should be imposed. No asset ceiling is imposed because there is no surplus in excess of recovery.

## Office of the Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

### (b) Defined Benefit Scheme (AAS25 Financial Reporting by Superannuation Plans)

#### Reconciliation of the assets and liabilities recognised in the balance sheet

	<b>SASS</b> <b>30 June 2006</b> <b>\$ '000</b>	<b>SANCS</b> <b>30 June 2006</b> <b>\$ '000</b>	<b>SSS</b> <b>30 June 2006</b> <b>\$ '000</b>
Present value of defined benefit obligations	(1,869)	(453)	(10,921)
Fair value of plan assets	(1,727)	351	10,158
	(142)	(102)	(763)
Surplus in excess of recovery available from schemes	–	–	–
Unrecognised past service cost	–	–	–
Net asset/(liability) disclosed in balance sheet as at 30 June 2006	(142)	(102)	(763)
	<b>SASS</b> <b>30 June 2005</b> <b>\$ '000</b>	<b>SANCS</b> <b>30 June 2005</b> <b>\$ '000</b>	<b>SSS</b> <b>30 June 2005</b> <b>\$ '000</b>
Present value of defined benefit obligations	(1,842)	(493)	(11,586)
Fair value of plan assets	1,582	282	8,594
	(260)	(211)	(2,992)
Surplus in excess of recovery available from schemes	–	–	–
Unrecognised past service cost	–	–	–
Net asset/(liability) disclosed in balance sheet as at 30 June 2005	(260)	(211)	(2,992)

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

#### Movement in net liability/asset recognised in balance sheet

	<b>SASS</b> <b>30 June 2006</b> <b>\$ '000</b>	<b>SANCS</b> <b>30 June 2006</b> <b>\$ '000</b>	<b>SSS</b> <b>30 June 2006</b> <b>\$ '000</b>
Net asset/(liability) at start of year	(260)	(210)	(2,992)
Net revenue recognised in the income statement	367	72	1,827
Contributions	(248)	36	402
Net asset/(liability) disclosed in balance sheet as at 30 June 2006	(141)	(102)	(763)
	<b>SASS</b> <b>30 June 2005</b> <b>\$ '000</b>	<b>SANCS</b> <b>30 June 2005</b> <b>\$ '000</b>	<b>SSS</b> <b>30 June 2005</b> <b>\$ '000</b>
Net asset/(liability) at start of year	(186)	(160)	(2,163)
Net expense recognised in the income statement	(161)	(86)	(880)
Contributions	87	35	51
Net asset/(liability) disclosed in balance sheet as at 30 June 2005	(260)	(211)	(2,992)

## Office of the Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

### Total revenue recognised in income statement

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Current service cost	(104)	(30)	(64)
Interest on obligation	(109)	(25)	(609)
Expected return on plan assets	124	21	640
Net actuarial (losses)/gains recognised in year	456	106	1,860
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
(Losses)/gains on curtailment and settlements	-	-	-
Total included in income statement	367	72	1,827
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Current service cost	(101)	(29)	(67)
Interest on obligation	(108)	(26)	(586)
Expected return on plan assets	114	21	545
Net actuarial (losses)/gains recognised in year	(66)	(52)	(772)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
(Losses)/gains on curtailment and settlements	-	-	-
Total included in 'employee benefits expense'	(161)	(86)	(880)

### Actual return on plan assets

	<b>SASS</b> 30 June 2006 \$ '000	<b>SANCS</b> 30 June 2006 \$ '000	<b>SSS</b> 30 June 2006 \$ '000
Actual return on plan assets	251	45	1,352
	<b>SASS</b> 30 June 2005 \$ '000	<b>SANCS</b> 30 June 2005 \$ '000	<b>SSS</b> 30 June 2005 \$ '000
Actual return on plan assets	198	33	1,014

## Office of the Sydney Harbour Foreshore Authority

### Notes to the financial statements for the year ended 30 June 2006

#### **Valuation method and principal actuarial assumptions at the reporting date**

##### (i) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to ten additional units of benefit entitlement and measures each unit separately to build up the final obligations.

##### (ii) Economic assumptions

	2006	2005
Discount rate at 30 June	5.9% p.a.	5.2% p.a.
Expected return on plan assets at 30 June	7.6%	7.3%
Expected salary increases	4.0% p.a. to 2008; 3.5% p.a. thereafter	4.0% p.a.
Expected rate of CPI increase	2.5% p.a.	2.5% p.a.

Recommended contribution rates for the entity are:

	SANCS Multiple of member contributions	SSS % member salary	SSS Multiple of member contributions
2006	2.30	2.50	0.93
2005	2.30	2.50	0.93

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under this method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted average assumptions	2006	2005
Expected rate of return on fund assets	7.3% p.a.	7.0% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.
Expected rate of CPI increase	2.5% p.a.	2.5% p.a.

#### **Nature of asset/liability**

If a surplus exists in the Foreshore Authority's interest in the Fund, the Foreshore Authority may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.



## Office of the Sydney Harbour Foreshore Authority

Notes to the financial statements for the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
<b>Note 8 Retained profits</b>		
Balance at beginning of financial year	-	-
Net profit/(loss)	-	-
Balance at end of financial year	-	-

END OF AUDITED FINANCIAL STATEMENTS



# Sydney Harbour Foreshore Authority Casual Staff Division

Financial report for the period ended 30 June 2006

## Directors' statement

### Statement by the Chairman and the Chief Executive Officer on the adoption of the financial statements for the period ended 30 June 2006.

Certificate Under Section 41C of the *Public Finance and Audit Act 1983*.

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Chief Executive Officer of Sydney Harbour Foreshore Authority, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Sydney Harbour Foreshore Authority Casual Staff Division as at 30 June 2006 and transactions for the period ended on that date.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Amendment (Financial Statements) Regulation 2005* and the Treasurer's Directions.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**Jon Isaacs**

Chairman

Sydney Harbour Foreshore Authority



**Rob Lang**

Chief Executive Officer

Sydney Harbour Foreshore Authority

Sydney, dated this 20th day of October 2006

# Sydney Harbour Foreshore Authority Casual Staff Division

Independent audit report for the period ended 30 June 2006



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### SYDNEY HARBOUR FORESHORE AUTHORITY CASUAL STAFF DIVISION

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the Sydney Harbour Foreshore Authority Casual Staff Division (the Division)

- presents fairly the Division's financial position as at 30 June 2006 and their performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

#### Scope

##### *The Financial Report and Directors' Responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statement for the Division, for the period ended 30 June 2006.

The members of the Board of the Division are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Audit Approach*

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

##### *Audit Independence*

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

A handwritten signature in black ink, appearing to read 'David Jones'.

David Jones  
Director, Financial Audit Services

SYDNEY  
20 October 2006

## Sydney Harbour Foreshore Authority Casual Staff Division

START OF AUDITED FINANCIAL STATEMENTS

Income statement for the period ended 30 June 2006

	Notes	17 March 2006 to 30 June 2006
		\$'000
Personnel services income	2	424
Employee related expenses	3	(424)
<b>Net profit/(loss) from ordinary activities</b>		<b>-</b>

*The above income statement is to be read in conjunction with the attached notes.*

## Sydney Harbour Foreshore Authority Casual Staff Division

Balance sheet as at 30 June 2006

	2006 \$'000
<b>CURRENT ASSETS</b>	
Receivables	-
<b>TOTAL CURRENT ASSETS</b>	-
<b>NON-CURRENT ASSETS</b>	
Receivables	-
<b>TOTAL NON-CURRENT ASSETS</b>	-
<b>TOTAL ASSETS</b>	-
<b>CURRENT LIABILITIES</b>	
Payables	-
Provisions	-
<b>TOTAL CURRENT LIABILITIES</b>	-
<b>NON-CURRENT LIABILITIES</b>	
Provisions	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	-
<b>TOTAL LIABILITIES</b>	-
<b>NET ASSETS</b>	-
<b>EQUITY</b>	
Retained profits	-
<b>TOTAL EQUITY</b>	-

*The above balance sheet is to be read in conjunction with the attached notes.*

## Sydney Harbour Foreshore Authority Casual Staff Division

Statement of changes in equity for the period ended 30 June 2006

	17 March 2006 to 30 June 2006 \$'000
Gain/(loss) on property revaluation	-
<b>Net increases/(decreases) in equity</b>	-
Net income and expense recognised directly in equity	-
Surplus/(deficit) for the period	-
<b>Total income and expense recognised for the period</b>	-

*The above statement of changes in equity is to be read in conjunction with the attached notes.*

## Sydney Harbour Foreshore Authority Casual Staff Division

Cash flow statement for the period ended 30 June 2006

	2006
	\$'000
	Inflow
	(Outflow)
<b>Cash flows from operating activities</b>	
Receipts from customers	-
Payment to suppliers and employees	-
<b>Net cash provided by operating activities</b>	-
<b>Cash flows from investing activities</b>	
Payments for property, plant and equipment	-
<b>Net cash (used in) investing activities</b>	-
<b>Cash flows from financing activities</b>	
Investment	-
Dividend paid/received	-
<b>Net cash provided by/(used in) financing activities</b>	-
<b>Net increase/(decrease) in cash held</b>	-
<b>Cash at the start of the financial year</b>	-
<b>Cash at the end of the financial year</b>	-

*The above statement of cash flows is to be read in conjunction with the attached notes.*

# Sydney Harbour Foreshore Authority Casual Staff Division

## Notes to the financial statements for the period ended 30 June 2006

The following are the principal accounting policies and practices adopted in the preparation of these financial statements.

### Note 1 Summary of significant accounting policies

#### (a) Reporting entity

The Sydney Harbour Foreshore Authority Casual Staff Division (the Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment Legislation Amendment Act 2006*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 66 Harrington Street, The Rocks, New South Wales.

The Division's only function is to provide casual personnel services to Sydney Harbour Foreshore Authority (the Foreshore Authority).

The Division commenced operations on 17 March 2006 when it assumed responsibility for the casual employees and employee-related on-costs of the Foreshore Authority.

#### (b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

This is the first financial report prepared on the basis of Australian equivalents to International Financial Reporting Standards (A-IFRS). As this is the Division's first financial report, comparative information for the previous year is not provided.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

#### (d) Receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on transaction cost or face value.

Short term receivables with no stated interest rate are measured at the original invoice amount less an allowance for impairment.

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Foreshore Authority will not be able to collect all amounts due. The amount of the impairment loss is recognised in the income statement.

#### (e) Payables

These amounts represent liabilities for goods and services provided to the Office and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### (f) Employee benefit provisions and expenses

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The government bond rate of 5.75% was applied for discounting.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

#### (g) New Australian Accounting Standards issues

The following Accounting Standards are being early adopted from 1 July 2005 as per Treasury mandate (NSW TC06/14):

- AASB 2005-4 regarding fair value option of AASB 139 *Financial Instruments Recognition and Measurement*; and
- AASB 2005-6 regarding businesses or entities under common control being excluded from the scope of AASB 3 *Business Combinations*. Accordingly, equity transfers between NSW public sector agencies continue to be accounted for under NSW TPP06-7 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

## Sydney Harbour Foreshore Authority Casual Staff Division

### Notes to the financial statements for the period ended 30 June 2006

There is no impact on first time adoption of these standards.

The following accounting standards have not been applied as NSW Treasury has elected to defer the date of transition until 1 July 2005:

- AASB 132 *Financial Instruments: Disclosure and Presentation*;
- AASB 139 *Financial Instruments: Recognition and Measurement*;

- AASB 4 *Insurance Contracts*; and
- AASB 1023 *General Insurance Contracts*.

Comparative information for these Standards, if applicable, is presented under previous AGAAP which applied to the year ended 30 June 2005.

There is no possible impact of these Standards as they are not applicable to the Division.

17 March 2006  
to 30 June 2006  
\$ '000

#### Note 2 Revenue

Personnel services income	424
---------------------------	-----

#### Note 3 Expenses

Employee related expenses	424
---------------------------	-----

#### Note 4 Retained profits

Balance at beginning of financial year	-
Net profit/(loss)	-
Balance at end of financial year	-

END OF AUDITED FINANCIAL STATEMENTS



## Index

Aboriginal culture	29, 44	Darling Walk	17
Aims and objectives	3	Dawes Point Seawall upgrade	29
Annual report production	Inside back cover	Debtor management	13
Archaeologist	30	Development applications	11
Argyle Stores refurbishment	15	Disability management	19, 44
<b>At a glance</b>	<b>2 – 7</b>	Disaster Recovery Strategy	13
Audit and Risk Management Committee	33, 35, 38	East Darling Harbour	18
Australian Tourism Exchange	11	Education	19, 21, 31, 44
Awards	16, 17, 21, 41	Electronic service delivery	11, 17, inside back cover
Ballast Point	17	Employee awards	41
Blackwattle Bay	17	Employee numbers	44 – 45
Board	32 – 35	<b>Employees – Our people</b>	<b>40 – 46</b>
Brand campaigns	16	Energy	27
<b>Business excellence</b>	<b>8 - 13</b>	Environment	26 – 28
Business tourism	10, 11	Equal employment opportunity	42, 44
Campbell's Stores upgrade	29	Ethnic affairs priority statement	44
Chairman	6, 32 – 35	Events	20, 22 – 25
Charter	3	Executive team	36 – 37
Chief Executive Officer	7, 27, 32 – 36, 41, 45	<b>Financial statements</b>	<b>47 – 102</b>
Chinese Garden of Friendship upgrade	10	Office of the Sydney Harbour Foreshore Authority	81
Circular Quay	16, 20	Sydney Harbour Foreshore Authority	49
Cleland Bond refurbishment	15	Sydney Harbour Foreshore Authority Casual Staff Division	95
Closed-circuit television	15, 16	Fleet	28
Club Darling Harbour	11	Freedom of information	39
Cockle Bay Marina upgrade	10	George Street footpath widening project	12
Code of conduct	33, 38, 42	Green building	27
<b>Community services</b>	<b>14 – 25</b>	Guarantee of service	38
Conservation Management Plans	29	Guiding principles	41
Conservatorium of Music	17	Healthy Lifestyle Program	42
Consultants	46	Heritage	29 – 31
Consumer response	13	Heritage Festival	30
Contact us	Inside back cover	Heritage Interpretation Strategy	29
<b>Corporate governance</b>	<b>32 – 39</b>	Heritage Prize	30
Corporate Governance Committee	33, 35	Horticulture	26, 28
Credit cards	39	<b>Human resources</b>	<b>36 – 39, 40 – 46</b>
Cumberland Dig Site	31	Images	Inside back cover
Customer request management system	13, 38	Industrial relations	46
Darling Island	27		

## Index (continued)

Innovation	13	<b>Sustainability</b>	<b>26 – 31</b>
Insurance	38	Sydney Convention and Exhibition Centre upgrade	8, 10
Italian Village upgrade	29	Sydney Convention and Visitors Bureau	11
Key Performance Indicator reporting	13	Sydney on Sale	11
King Street Wharf Promenade	17	Sydney Visitor Centre	12, 20
Knowledge management	13	Sydney Visitor Pass	11
Land disposal	13	Sydneyforevents.com.au	11
Leasing strategy, The Rocks	9	Tender processes	11
Legislative change	39	Tennant management	9
Letter of submission	Inside front cover	The Rocks Centre	12
Maps	2, 17	The Rocks Discovery Museum	21, 29
Marketing	11, 16, 17	Total asset management	9
Markets	15, 23	Tours	
Mentoring	41	Sydney Learning Adventures	14, 19
NSW Department of Education and Training	17	Technical Insight Tours	19
NSW Maritime Authority	16, 17	The Rocks Pub Tour	15
Occupational health and safety	43	Training	33, 41, 43
Organisation chart	36 – 37	Travel	38
Outdoor dining	12, 16	University of Sydney	17
Overseas Passenger Terminal	16	Unwin Stores conservation works	15
Painting program	16	Urban stream upgrade	16
People movements	25	Vision	3
Performance highlights 2005/06	4	Visitation figures	22 – 25
Place creation	17 – 18	Waste reduction	28
Place management	15 – 17, 19	Water harvesting, Darling Harbour	27
Precinct revitalisation	9	Websites	11, 17, inside back cover
Privacy management plan	38	Who we are	3
Property management	9	Wollemi pines	27
Pymont Bridge upgrade	29	Women in the workforce	42, 44, 45
Pymont, sale of freehold land	13		
Recycling	27, 28		
Risk management	13, 33, 35, 38		
Signage policy	16		
Site M North, Pymont	13		
Social investment	19, 20		
Sponsorships	20		
Statement by the Chairman	6		
Statement by the Chief Executive Officer	7		



## Contact us

### Sydney Harbour Foreshore Authority

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PO Box N408, Grosvenor Place NSW 1220

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Web [www.shfa.nsw.gov.au](http://www.shfa.nsw.gov.au)  
Reception Open 8am to 6pm, Monday to Friday  
ABN 51 437 725 177

### Sydney Visitor Centres

#### The Rocks

Corner Argyle and Playfair streets, The Rocks  
Open 9.30am to 5.30pm daily\*

#### Darling Harbour

33 Wheat Road, Darling Harbour  
(between Darling Walk and IMAX)

Open 9.30am to 5.30pm daily\*

\*Both centres are closed on Christmas Day and Good Friday  
and close at 4pm on New Year's Eve.

Telephone 1800 067 676 (freecall within Australia)  
Email [visitorinformation@shfa.nsw.gov.au](mailto:visitorinformation@shfa.nsw.gov.au)  
Website [www.sydneyvisitorcentre.com](http://www.sydneyvisitorcentre.com)

### Websites

[www.shfa.nsw.gov.au](http://www.shfa.nsw.gov.au)  
[www.darlingharbour.com](http://www.darlingharbour.com)  
[www.therocks.com](http://www.therocks.com)  
[www.therocksmarket.com](http://www.therocksmarket.com)  
[www.therockspubtour.com](http://www.therockspubtour.com)  
[www.sydneyforevents.com](http://www.sydneyforevents.com)  
[www.sydneylearningadventures.com.au](http://www.sydneylearningadventures.com.au)  
[www.sydneyvisitorspass.com](http://www.sydneyvisitorspass.com)  
[www.chinesegarden.com.au](http://www.chinesegarden.com.au)  
[www.sydneyharbourweek.com.au](http://www.sydneyharbourweek.com.au)

### Annual report production

This Annual Report is available at  
[www.shfa.nsw.gov.au](http://www.shfa.nsw.gov.au).

It was written and designed in-house at  
Sydney Harbour Foreshore Authority.  
The total cost for external production and  
printing was \$24,464.

Images: Thanks to all our staff who were featured in  
the photos throughout this document.

The papers used to print this annual report are  
Superfine and Resa Offset Recycled. They have the  
following environmentally friendly characteristics.



#### Superfine

- ECF – Elemental Chlorine Free.
- WMF – fibre sourced from Well Managed Forests.
- EMS – Manufactured to environmental management standards.



#### Resa Offset Recycled

- 100% recycled – post consumer fibre
- ISO 14001 & EMAS – International & EU environmental management standards.
- PCF – process chlorine free.
- Environmental Certification Standards – Blue Angel, Nordic Swan & EU Flower.



Harbour Foreshore Authority

